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**Communicating sustainable value propositions in triadic business relationships**

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## ABSTRACT

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This study examines ways to communicate sustainable value propositions for different stakeholders in triadic business relationships. Challenge is making different stakeholders see the benefits of sustainable value and sustainability. Academically, the research gap lies in recognizing how triadic business relationship influences the sustainable value proposition. The study approaches the issue by distinguishing how the perception of sustainable value proposition differs depending on the stakeholder. By obtaining indications of these variations, a company can adjust its communications to address stakeholders in the optimal way through sustainable value propositions.

This research builds on multiple case studies. Triadic business relationships covered in this study include a service supplier, a real estate owner and a real estate manager. The sample consists of ten companies and the data is collected through semi-structured interviews. The results indicate that in addition to achieving economic value, owner stakeholders tend to value environmental benefits, whereas manager stakeholders emphasize social/other benefits together with economic value. The sustainable value proposition is also affected by the social dynamics within the triadic business relationship. Thus, in communicating the sustainable value proposition, the service supplier should highlight different value combinations for different stakeholders in triadic customer relationships.

## TIIVISTELMÄ

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Tutkimuksen tarkoitus on määrittellä, kuinka kommunikoida kestäviä arvoehdotelmia eri sidosryhmille triadisissa asiakassuhteissa. Haasteena on saada eri sidosryhmät näkemään palveluun liittyvän kestävän arvon ja kestävän kehityksen hyödyt. Akateemisesta lähtökohdasta tutkimusongelma rajautuu siihen, kuinka triadinen asiakassuhde vaikuttaa kestävän arvoehdotelman muodostumiseen. Tutkimus kartoittaa, kuinka eri sidosryhmien käsitykset kestävästä arvoehdotelmasta eroavat toisistaan. Tunnistamalla näitä variaatioita yritys voi huomioida eri sidosryhmät optimaalisella tavalla kommunikoidessaan kestäviä arvoehdotelmia.

Tutkimuksen empiirinen osio muodostuu tapaustutkimuksista. Tutkimuksen kohteena oleviin triadisiin asiakassuhteisiin kuuluu palveluntuottaja, kiinteistön omistaja sekä kiinteistömanageri. Otantana on kymmenen yritystä ja tutkimusaineisto on kerätty teemahaastatteluilla. Tulokset osoittavat, että taloudellisen arvon lisäksi omistajat arvostavat saavutettua ympäristöllistä hyötyä, kun taas managerit painottavat taloudellisten hyötyjen lisäksi enemmän sosiaalisia tai muita hyötyjä. Kestävään arvoehdotelmaan vaikuttaa myös triadisen asiakassuhteen sosiaalinen dynamiikka. Kommunikoidessaan kestäviä arvoehdotelmia palveluntarjoajan tulisi painottaa erilaisia arvoyhdistelmiä eri sidosryhmille triadisissa asiakassuhteissa.

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## APPENDIX 1.

# 1 INTRODUCTION

## 1.1 Background of the study

Sustainability is increasingly accepted as the common guiding standard for both policymaking and business strategies (Finkbeiner, Schau, Lehmann & Traverso 2010, 3309), and businesses are globally challenged to increase their sustainability. They are expected to enhance their operations and address internal issues while redirecting their competencies towards more sustainable technology and skill sets. Companies engage in dialogue with their stakeholders and develop the business offering to create more sustainable solutions for their customers. (Hart & Milstein 2003, 64)

Companies engage with sustainability to differentiate themselves from the competition, and promote sustainability to attract more customers (Richter 2014, 178). The challenge is making different stakeholders see the benefits deriving from sustainability. Companies need more knowledge of the value elements their customer stakeholders consider imperative in the formation of sustainable value of the service. Even though sustainability is commonly recognized as the guiding standard in business, evaluating and measuring sustainability performance remains ambiguous (Finkbeiner et al. 2010, 3320). Thus, there is a need to distinguish clearer indicators for making the customers see the sustainable benefits of the service.

Context is an important contributor to value formation. Context is a “set of unique actors with unique reciprocal links among them” (Chandler & Vargo 2011, 40). The increasing level of specialization and the growing trend of outsourcing of business processes have resulted in growing importance of networks in business. Modern companies are defined by their networks, and as the company is focused on its core skills, it is drawn to outsource other operations and processes. These operations can be a part of company’s key service offering. Consequently, the company’s value proposition to its customers is formed within networks. (Wynstra, Spring, & Schoenherr 2015, 1) There are various stakeholders in the network contributing to value formation, and the ties and resources between them vary. The existing exchange links between stakeholders can affect others throughout the context, and influence exchanges between them. (Chandler & Vargo 2011, 41)

This study addresses sustainable value in the context of property maintenance services in real estate business, and in particular, heat transfer services. The topic builds around communicating sustainability – or the sustainable value proposition – of a service to its customer stakeholders. In this study, the term value proposition is used to describe a reciprocal promise of value forming between the company and its customers (Kowalkowski, Kindström & Carlborg, 2016, 282).

### ***1.1.1 Triadic business relationships***

The operational setting of the study presents a novel angle to exploring sustainable value propositions. Many businesses depend on a third stakeholder in their service delivery, making a dyadic approach on examining the setting too narrow. A more feasible approach to examining formation of value is a broader, multilateral setting. (Kowalkowski et al. 2016, 295) This study examines cases that consist of triadic business relationships. The cases include a selected service supplier that has two stakeholders identified as its customers, and together they form triadic business relationships.

In general, business triads are defined as business relationships where a change in one relationship affects the other (see Ritter 2000, Kowalkowski et al. 2016, 282). Thus, the relationships and stakeholders in triadic business relationships are connected. Prior research regarding triadic business relationships does not only consist of analysis of systems including three stakeholders but involves examination of the existing dyadic relationship ties amongst the actors (Siltaloppi & Vargo 2017, 2)

Triadic approach to examining business relationships is not new on the field, but the phenomenon of the triad itself is often not considered a central factor in the studies. Instead, many studies focus on either the connections between the parties, the relationships in the channels, or the networks. (Havila, Johanson & Thilenius 2004, 174) In fact, much of the previous research regarding business networks does not separate triadic business relationships from other types of business networks or dyadic customer relationships even though it is recognized that different network structures can offer different benefits (Vedel 2016, 850).

Triadic approach to examining business relationships offers a chance to utilize the network perspective of the relationship. Dyadic approach can lack the required depth when examining the dynamics, important dependencies or other features of the business relationship. Triadic relationships can have features that do not exist in dyadic relationships. (Nätti, Pekkarinen, Hartikka & Holappa 2014, 977).

Triadic business relationships are not studied nearly to the extent that dyadic business relationships are. However, the network perspective offers the view of including other stakeholders into the value creation. Value is created and communicated through relationships, exchange of resources, and fulfillment of own and others' business needs. Still, prior research on triadic business relationships lacks depth in terms of value creation in relationships. (Sitaloppi & Vargo 2017, 2) There is little research concerning how the realized customer value forms within triadic business relationships in detail. Especially, there is a lack of research regarding the structural context for value creation in business triads. (Vedel 2016, 849) There is limited knowledge regarding the following issues relevant to the study (triads):

1. How a triadic business relationship affects the formation of (sustainable) value proposition, and
2. How to communicate sustainable value in triads.

### ***1.1.2 Value creation and customer value propositions***

Payne & Frow (2014A, 239-240) identify value proposition as “an organization’s offering to customers, representing a promise of benefits of value that customers will receive during and after the usage experience.” Furthermore, it considers both tangible and intangible benefits and costs resulting from the formed supplier-customer relationship. A superior value proposition offers more value to the customer than its competition. The definition is in accordance with the early research on the topic by Anderson, Varus & Van Rossum (2006) that classifies customer value propositions into three categories from the supplier perspective. According to the research, suppliers usually choose one of these approaches when they develop value propositions. Value element refers to the benefit that is believed to be delivered in the offering, the expected value of the service.

According to Anderson et al. (2006), the three categories of value propositions are:

1. *All benefits* - listing all the possible customer benefits of the offering
2. *Favorable points of difference* - bringing out the points of difference in the offering
3. *Resonating focus* – “the golden standard”, recognizing the most important value elements bringing the most value to the target customer.

Exploring value propositions is important not only for the academia, but for businesses as well. By developing its value propositions, a company can focus its mission statement and business strategy. (Frow, McColl-Kennedy, Hilton, Davidson, Payne & Brozovic 2014, 19) Also, Kowalkowski et al. (2016, 282) state that value propositions act as critical strategic tools for marketing. Value propositions have an important role in representing the value of a service. In addition, well-defined value propositions can contribute to the building of long-term customer relationships. (Payne & Frow 2014B, 223) Ultimately, being able to assess and change the company's value proposition provides the company a possibility to achieve competitive advantage. (Payne & Frow 2014A, 238; Ostrom et al. 2010, 8)

The common assumption is that value propositions should resonate with customers, and the means for achieving this rely strongly in market research (Skålén, Gummerus, von Koskull & Magnusson 2014, 138). Coherent marketing relationships can result in co-creation of value propositions between the supplier and the customer. The term *reciprocal value proposition* means that the right value proposition should be determined by negotiating what is of value to the exchange participants. The initiator can be the customer or the supplier, as long as the formed value proposition is a mutual promise. (Ballantyne, Frow, Varey, & Payne 2011, 206)

The essence of reciprocity lies in the ideology that service is exchanged for a service and each party expects to get the preferred outcome by offering something of value to the other party. However, it is difficult to find examples in business research how the value propositions actually resonate with customers, and in the research on reciprocity of value propositions the aspect has not been holistically covered (Anderson et al. 2006, 92). There is a need to determine whether value propositions are reciprocated or rejected. (Frow et al. 2014, 19)

Although value propositions consist of resources, there is no precise empirical evidence on the exact patterns of their development. Some of the research concludes on co-creational premises of value propositions (see for example Frow et al. 2014) but the proof whether value propositions are in fact co-created or not remains vague. (Skålén et al. 2014, 138-9)

Value propositions literature is shifting from supplier-dominant perspective towards initiator-participant view in accordance with S-D logic (Kowalkowski et al. 2016, 288). In line with S-D logic, value propositions are company's promises of value creation independently or together with stakeholders through (tangible or intangible) resource integration. This study utilizes the conceptual thinking of S-D logic, too. While the perspective arguably is somewhat theoretical, and stresses the contributive role of the service supplier in the creation of value propositions (Aarikka-Stenroos & Jaakkola 2012, 16), it remains as dominantly used background when addressing the topic.

In addition, research combining S-D logic into the studies of triadic relationship can contribute to its main processes regarding resource integration and value (co-)creation that have been studied mainly from dyadic perspective. Exploring value creation in a triadic setting contributes to the understanding of value within a network setting, with considerations for resource integration and accessing opportunities, instead of dyadic relationships. Studies on dyads lack insight concerning multidirectional relationships contributing to collaboration and competition, for instance. (Siltaloppi & Vargo 2017, 2, 14)

S-D logic allows the company to compete through its services by providing a platform for creating long-term value-in-use for its customers (Kowalkowski 2011, 288), and provides a more holistic angle to value propositions by encouraging companies to integrate their resources and increase communication with their stakeholder. (Frow & Payne 2011, 236) Based on the conducted literature review on value propositions, there is limited knowledge regarding at least the following issues relevant to the present study:

1. How are value propositions formed and communicated in multidimensional settings, and
2. How do other stakeholders besides the service supplier affect the value proposition?

### ***1.1.3 Sustainability and sustainable value***

Global sustainability is a multidimensional issue that cannot be tackled by any single business action (Hart & Milstein 2003, 59). The concept of sustainable development was first introduced in 1987 by the World Commission on Environment and Development. It means development that is able to meet today's needs by integrating environmental, social and economic considerations without diminishing the possibilities for future generations to meet theirs. Globally, preservation of the environment is a requirement for well-functioning economy and social justice. These form the three dimensions of sustainability. (Finkbeiner et al. 2010, 3310)

In business context, sustainability is often discussed by utilizing the triple bottom line approach, i.e. addressing economic, environmental and social aspects of an issue. In order to achieve sustainable development, all three dimensions need to be balanced. (Ukaga et al; Simon-Brown & Maser 2010, 183) Since first introducing sustainable development, the development has undergone a shift – that is still ongoing – from reactive towards a proactive stance on the issues. The modern environmental policies are stakeholder driven and aim for shared responsibility, integration of tasks and system solutions to achieve the sustainability goals. (Finkbeiner et al. 2010, 3310)

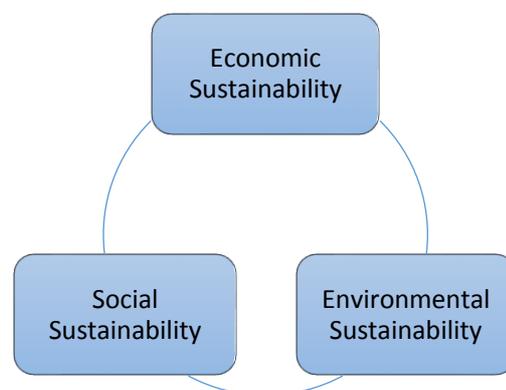


Figure 1. Three dimensions of sustainability.

In order to create sustainable value, the company needs to consider the interests of their various stakeholders and reflect them to the company's sustainability agenda. The goal is to find balance between the company's business interests and the stakeholders' interests. Considering its operational field as a whole permits the company to be more successful and to create sustainable value in the long-term by strengthening its operations while taking into account environmental, social and economic aspects. (Savitz & Weber 2007, 17-20)

Corporate sustainability is a business orientation managing the risks from economic, environmental and social developments and aiming for long-term value creation by embracing related opportunities. (Bistrova, Titko & Lace 2014, 130) A sustainable company considers all its stakeholders in its daily operations and tries to ensure that the benefits flow to all stakeholders. (Savitz & Weber 2007, 17). Tate & Bals (2016, 1-2) argue that the concept of "sustainable business" is still strongly focused on the economic perspective, and does not adequately address environmental or social aspects. These efforts include for instance enhancing energy efficiency, reducing the carbon footprint, implementing recycling and reusing mechanisms. However, as long as companies are ultimately just concerned about creating profits for their shareholders, the taken measures do not stand to address the global sustainability challenges. (Orsato 2006, 130)

There is a recognized need to assess environmental and social value of services, but often the intangible nature of these types of value make them challenging to grasp. The challenge remains even though the potential features would have a direct impact on the performance or characteristics of the provided service. (Orsato 2006, 130) There are some distinct barriers in communicating sustainability for customers. Richter (2014, 179-180) addresses issues regarding promoting efficient use of resources in the real estate sector as recognized by American Physical Society Energy Efficiency Study Group in 2008 in the publication *Energy Future: Think Efficiently*:

1. *Not knowing*: The customer does not know the extent of how much each process contributes to energy usage within a selected process stream, if there is not some type of a labeling system for the energy consumption (monitoring).
2. *Not caring*: When the posed energy saving is not large enough, the customer can consider implementing the necessary improvements irrelevant.
3. *Wrong incentives*: If the owner of the building does not pay for the energy that is being used, there might not be enough motivation for investing and implementing the most efficient systems instead of the low-cost ones.
4. *Stalled innovation*: The consumers are dependent on the available options. If the suppliers do not provide efficient solutions, the customers need to settle on the existing ones.
5. *Utility profits coupled to sales*: Sometimes the situation is such that the utilities make more profit by promoting the use of energy instead of improving its efficient use. In these cases, the businesses have no incentives to promote sustainable energy consumption.

The issue of demonstrating intangible value is not only on value related to sustainability. In fact, most of the overall value that the customer withdraws from the relationship with the service supplier is intangible, and there are gaps in knowledge regarding how to measure the intangible resources (Corsaro 2014, 988). Being able to test and justify the selected attributes of an offering is vital, as they determine what is valuable and by which measure (Finch, Geiger & Harkness 2017, 71). Academic literature lacks depth in the following issue relevant to the study:

1. Proving the sustainable value of a service through other attributes than economic benefits to stakeholders.

## 1.2 Research gap and theoretical framework

**The research problem** is communicating sustainable value propositions in triadic business relationships. Focus points are (1) understanding the composition of the sustainable value proposition forming between the company and its customer stakeholders in a triadic business relationship, and (2) utilizing this knowledge to improve the communication of sustainable value. Ultimately, this study examines the impact of triadic business relationships on sustainable value propositions.

**The research gap** forms around recognizing how to communicate sustainable value propositions to different customer stakeholders in triadic business relationships. Prior research regarding sustainable value propositions in multidimensional settings and networked environments lack volume. The prior research on value propositions consists of mostly conceptual studies (see Ballantyne et al. 2011 and Frow & Payne 2011) addressing stakeholder impact and co-creation of value across networks. Studies examining value creation in triadic business relationships are even fewer, and many of them theoretical (see Vedel 2016).

Perception of value is subjective. It is acknowledged, that each actor evaluates and assesses value propositions uniquely, but the theory lacks empirical insight. In order to form feasible value propositions, there is a need to address the interests of all central stakeholders within the system, and to be aware that the perception of value can differ between them (Kowalkowski 2011, 286, 288-291) The present research addresses the differences in perceived value propositions in triadic business relationships according to the stakeholder.

Triadic business relationship can pose challenges when identifying the most important value elements of a service. The study maps out whether the sustainable value proposition is different for each stakeholder in triadic business relationship. The results have implications regarding including environmental and social or other considerations to the value proposition instead of communicating solely the economic benefits. This provides possibilities for the service supplier to customize its value proposition according to the stakeholder. The following table presents the research gaps according to the themes of the literature review.

Table 1. The research gaps.

Area in the literature	Recognized research gap
Triadic business relationships/ Customer value propositions	Limited knowledge regarding differences in recognized value elements of a service for different customer stakeholders in triadic business relationships. The defining factors and possible altering motivations need further clarification.
Triadic business relationships/ Customer value propositions	Lack of research on the influence of the other relationship in triadic business relationship on the value proposition forming between the service supplier and the other customer stakeholder. Limited knowledge of the possible hindering or positive effects that the third stakeholder can have (and how to emphasize or mitigate this effect).
Sustainability / Customer value propositions	Lack of empirical research on the customization of the sustainable value proposition to address all stakeholders in a triadic business relationship. Insight needed in forming argumentation to promote environmental and/or social value in sustainable value proposition.

The theoretical framework of this study folds around triadic business relationships. The initial illustration of the framework depicts the main blocks of the triadic business relationship proposing a relationship-based view of the connections that exist between the stakeholders – the study examines the setting from the perspective of one relationship within the triad being connected to the other relationships (see Ritter 2000, Kowalkowski et al. 2016). The phenomena examined in this research are sustainable value propositions.

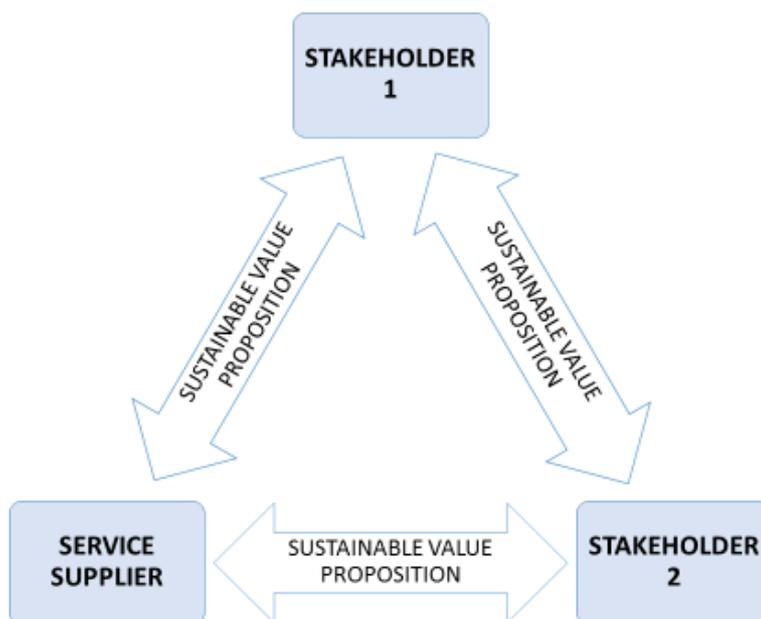


Figure 2. Theoretical framework of the study.

### 1.3 Objective and research questions

**The aim of the study** is to find ways for communicating sustainable value propositions for different stakeholders in triadic business relationships. There are three separate objectives to address the general aim of the study, depicted in the table 2.

Table 2. Objectives and research questions.

Research question	Objective
<b>Research purpose: How to communicate sustainable value propositions for different stakeholders in triadic business relationships?</b>	Addressing the research gap of recognizing how to communicate sustainable value propositions for different stakeholders in triadic business relationships
<b>RQ1: How do the perceived value elements differ depending on the stakeholder in the triadic business relationship?</b>	Recognizing differences in the (sustainable) value propositions depending on the stakeholder in the triadic business relationship
<b>RQ2: How do other stakeholders in a triadic business relationship affect the purchase decision and sustainable value propositions?</b>	Recognizing the impact of the triadic business relationship in terms of (sustainable) value propositions and purchase decisions
<b>RQ3: How to communicate the sustainable value proposition emphasizing environmental and/or social aspects to different stakeholders?</b>	Finding ways of promoting environmental and/or social sustainability in value propositions

This study settled on using ‘communication’ as the general term for addressing interactions between the stakeholders within triadic business relationships. It does not specifically refer to sales or marketing. Foremost, it is used to describe the argumentation and dialogue used in the process of forming the sustainable value proposition. The process includes choosing (1) which value elements are the most beneficial to bring forward to form the sustainable value proposition, and (2) how, and to whom to communicate them between the stakeholders. The latter includes considering, for instance, whether it is more favorable to aim for quantifying all benefits or demonstrate them with examples.

#### **1.4 Relevance of the study**

Nowadays many companies are taking a proactive stance in terms of sustainability (UNEP 2017), but environmental and social sustainability are important issues for the society as well. Consumers think highly of companies addressing these aspects of responsibility. (Orsato 2006, 130) Until recently, the cost for energy has been low, and there has been little consumer pressure for saving energy. Now, the greatly increased global fuel demand has increased the energy prices. Consequently, consumer demands have changed towards more sustainable way of consuming energy. (Richter 2014, 153) Companies enter resource efficient markets aiming for cleaner and safer production, transparency and enhanced CSR. Utilization of more sustainable solutions can allow businesses to meet with the legal compliance and industry standards, reduce costs, risks and accidents, boost their efficiency, production systems and customer relationships, attract more skilled employee talent, access new markets, and finally, achieve competitive advantage. (UNEP 2017) It is a key aspect for businesses in encouraging the shift in consumption patterns and gaining benefits by providing more sustainable products for consumers. (European Commission 2017)

In terms of practical contributions of the study, the indications that are strongly based on empirical research can be utilized in value-based marketing within triadic business relationships. It is important for the company to be able to address each of the customer stakeholders by providing a customized value proposition taking into account the customer preferences. The results of this study are relevant also when modifying service marketing towards sustainability marketing. Traditionally, value marketing has concentrated on emphasizing economic benefits and the exchange of ownership and possession (see Sheth & Uslay 2007). The study provides insight on how to communicate other types of value of the service, referring to environmental and social or other benefits. Common to these types of value is that in many cases, the benefits are more challenging to measure (for ex. Corsaro 2014), thus, they are more demanding to prove to the customer. The goal of forming a sustainable value proposition is to take into account all the dimensions of sustainability.

Overall, there is still little research regarding how companies actually form their value propositions (Payne & Frow 2014B, 216). Thus, this case study can add valuable information to the process of creating and customizing value propositions in triadic business relationships. The case study setting recognizes the possibility for distinctions in perceived value of the service depending on the stakeholder, and it examines whether the stakeholder's position within the triadic business relationship affects this view, and how. Academically, this study aims to provide new insight regarding

1. Recognizing the effect of triadic business relationships in perceived value elements of a service,
2. The influence of triadic business relationships – and altering motivations of customer stakeholders – in the communication of sustainable value propositions, and
3. Exploring how to communicate sustainable value for different stakeholders in triadic business relationships.

## 1.5 Definitions

This chapter presents the most important concepts and definitions used in this study. Mainly, they fall under triadic business relationships, customer value and sustainability. Triadic business relationships are important to define as they form the context of the study. Regarding value propositions, there are some altering viewpoints present in the academia, so it is central to define the concepts here as they are used in the context of this study.

**Triadic business relationship** are the overall context that the study builds on. Triadic business relationships form a specific kind of a business network. According to the research by Havila et al. (2004, 174), a business network forms from connections between exchange parties, where the exchange in one relation affects positively or negatively the other exchange relation. A business network can exist between three parties when the exchange between two parties to some extent affects exchange between the two other parties and vice versa.

In general, business triads are defined as connections between actors where changes in one relationship affect the other (Kowalkowski et al. 2016, 282). Current academic literature highlights the existing relationship ties between the actors; much of the research examines triads holding two ties between three actors that are associated together. Most recent research finds distinctions amongst triadic business relationships (see Siltaloppi & Vargo, 2017).

**Stakeholders** refer to designated individuals or groups that depend on a company in their pursuit of achieving personal goals and to whom the company is dependent. These groups consist of owners, customers, employees, suppliers etc. (Freeman et al. 2010, 43) Stakeholders exist both inside and outside of an organization (Percy 2008, 303). The term is derived from **stakeholder theory**, a general framework that can be used to address value creation in a multidimensional setting. The theory is developed to solve and re-conceptualize a number of business problems and can be implemented in various settings. Stakeholder theory does not separate business and ethics; they are intertwined and addressed individually in each stakeholder relationship. (Freeman et al. 2010, 4, 153, 236, 264) In this study, the term is principally used to describe the different stakeholders within a triadic business relationship.

**Service-dominant (S-D) logic** refers to the commonly acknowledged premise in marketing where service is the prevailing feature of exchange instead of a specific form of it. The research by Vargo & Lusch first introduced S-D logic in 2004, and the approach builds on recognizing intangible resources, such as specialized knowledge and skills as competencies for exchange. This acts as an alternative for goods-dominant logic that emphasizes exchange of goods (Vargo & Lusch 2004, 15). The approach pinpoints the importance of value creation process that takes place in the user phase of the product rather than assessing just the manufacturing process. (Payne, Storbacka & Frow 2008, 83) The purpose of S-D logic is to increase the company value, not just to maximize the company's profits. Making a distinction between increasing and maximizing the value allows the company to include more collaborative practices instead of confrontational ones. Similarly, recognizing that, in addition to achieved profits, company's value includes the intangible equities such as brand and reputation can help reduce tension between the company and its stakeholders. (Frow & Payne 2011, 234)

**Value creation** is traditionally defined as the central purpose of economic exchange, and the focus is on the firm's output and price of the product. According to S-D logic, value creation stems in service from exchanging competencies – such as knowledge and skills – for the benefit of the other. Therefore, value creation should be measured within the whole service system that is connected to other systems by value propositions, for value is created in use, in the utilization of resources in a specific context. (Vargo, Maglio & Akaka 2008, 145)

**Customer value proposition** refers to a promise of value brought from an offering. The origin of the term derives from a working paper by Lanning and Michaels in 1988, where they proposed that value proposition is a statement of the benefits that the company will provide to the customer. (Skålen et al. 2014, 138-9) The ambiguity of the term is recognized (Grönroos & Voima 2013, 146), and consecutively, this study settles on utilizing the perspective on value propositions used in the S-D logic. In S-D logic, network impacts and possibilities for co-creation of value propositions are recognized. In accordance to this, value propositions can be defined as promises of value creation that build on common resources and practices. This view acknowledges the premises of dialogue and co-creational aspect of value propositions, as explained in the literature review of the study. (see Skålen et al. 2014)

**Sustainability** in this study is addressed by utilizing the “triple bottom line of sustainability” i.e. economic, environmental and social dimensions of sustainability (Ugaga et al; Simon-Brown & Maser 2010, 183). The term sustainable development was first introduced in 1987, and the main goal is to maintain the global ecosystems, economic stability and social justice for the generations to come (Finkbeiner et al. 2010, 3310). **Sustainability in business** is defined by Savitz & Weber (2007, 20) by a company that is “viable in the long term by managing according to principles that will strengthen rather than undermine the company's roots in the environment, the social fabric, and the economy”.

**Sustainable value** in business stems from creation of business operations and procedures that take into account the various stakeholders that company might have alongside their interests. In the long-term, the company needs to address environmental, social and economic aspects in the planning of its business goals. These goals need to be in balance with the stakeholder goals, as well. (Savitz & Weber 2007, 17-20) In addition, sustainable value creation considers both short-term and long-term goals and performance (Bistrova et al. 2014, 129).

## **1.6 Delimitations**

Delimitations of this study are viewed from two perspectives: practice and theory. Practical choices made to form a defined case study setting include:

- Limiting the research to examining the phenomenon within one (real estate) industry, and
- Limiting the research to include only the case company's existing customers in certain types of customer relationships (triadic business relationships).

Theoretical delimitations discuss the selected focus on literature review. In terms of value creation, the study focuses on explaining value-in-use from the S-D logic perspective. In the communication of value, the adopted perspective may stress the role of the service supplier, because the service is already established and the study is conducted within the existing customer base of the case company. The premise of the study is that the value of the service is already established – even though it would not yet be fully realized to each stakeholder.

Because of the selected focus, utilized theory does not engage extensively in co-creation of value, even though the themes are commonly discussed in the literature. Co-creation is seen to help the company relate with its customers, and formation of value propositions require the company to interact with its stakeholder network to deliver valued solutions for the customers. (Chandler & Lusch 2015, 7)

Generally, value co-creation looks at the larger picture by reflecting the value created for all stakeholders (Sheth & Uslay 2007, 305). In this study, value co-creation is addressed only when it is connected to communicating value expectations, i.e. developing the sustainable value proposition in the future. However, the focus is on the present value of the service, thus any larger exploration of co-creation of value is excluded in the research.

In addition, the angle on value propositions is strictly set on the existing customer base of the company. Besides customer value propositions, past research on the topic recognizes at least employee value propositions, value propositions with suppliers, and for other stakeholders, such as shareholders of a company (Frow et al. 2014, 5). These topics are not covered in the scope of this study.

### **1.7 Research methodology**

The research is a qualitative cross-sectional multiple case study building the case on triadic business relationships and sustainable value propositions. As an intensive case study – investigating holistically a few cases to find out as much as possible of the case (Eriksson & Kovalainen 2008, 118) – the study examines more than one case because in a multiple case study, the cases sharing particular features usually predict similar results (Edmonds & Kennedy 2013, 189). The setting also provide a possibility to extent emergent theory and replicate other similar cases (Eriksson & Kovalainen 2008, 124). The research questions are formed based on the initial theoretical framework and the research gaps that are recognized in that frame, and specified in the course of the research process.

Data collection consists of three different components: secondary data from academic literature, primary data from interviews, and complementary industry-specific data. Secondary data is used for specifying and focusing the research setting, and justifying the research academically. Primary data helps to gain insight of the phenomenon, such as stakeholder-dependent differences in perceived benefits of the service, and the influences the triadic business relationship has on the sustainable value proposition.

The sample for the primary data collection consists of 10 companies, one of which is the service supplier and the other nine are its customer stakeholders. These companies form four separate triadic business relationships, and one company has a dyadic business relationship with the company. Information collected from the business dyad is included where applicable regarding perceived service benefits and customer value, but the information concerning the customer relationship is excluded for not being valid in this study.

There are two main reasons for the selected approach for the research. Firstly, to form a holistic view on the topic of the research it is necessary to gain insight related to the central stakeholders. One of the most important aspects of case studies is to produce detailed and holistic knowledge based on analysis from multiple sources. The approach takes into account the diversity and complexity of the examined issue. (Eriksson & Kovalainen 2008, 117). Understanding decision-making processes, evaluating perceived benefits and demonstrating sustainable value are difficult to measure and prove in a quantitative way.

Also, having access for obtaining valid primary data helps to gather and analyse information that is in an imperative role in terms of finding novel angles on the topic. Therefore, a qualitative research design is a natural choice for exploring this setting. Secondly, the study is a cross-sectional study with interviews in a particular time rather than a longitudinal study with a set of interviews for each stakeholder. Setting boundaries for case studies is another important aspect, because the success of the case study is often defined by the ability of the researcher to define the criteria to form boundaries of the case (Eriksson & Kovalainen 2008, 117). These choices form the best platform for achieving the aim of the study and answering the research questions.

## 1.8 Structure of the study

This thesis paper consists of six independent chapters. The introductory chapter presents the general background and reasons for conducting the current research together with the theoretical and contextual frameworks. Then, the study proceeds from presenting the theoretical background to the empirical part, methodology and findings, and finishes with discussion and conclusions.

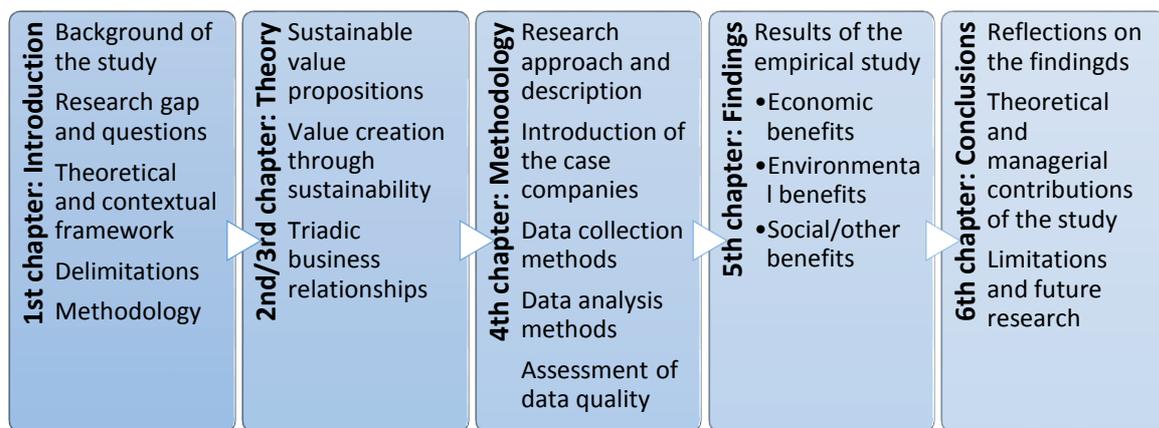


Figure 3. Structure of the study.

The second and the third chapter present the used academic literature. The main components that this study builds on are sustainable propositions and triadic business relationships. Chapter 4 goes through the methodology of this study. The chapter describes the course of the research project, research approach and description, and further descriptions of the case companies and data collection methods are provided.

The fifth chapter presents the central findings of the study arising from the empirical data analysis. The last chapter consists of discussion of the findings of the research. It reflects on the relevance of the study by presenting its recognized academic and managerial contributions. Then, the study presents the documented limitations of the study and ponders on the possible future directions and measures that could be taken after the present research. Finally, the chapter ends with a conclusion of the study.

## **2 VALUE PROPOSITIONS AND SUSTAINABLE VALUE**

The second and third chapter provide a review of the academic literature divided into two main parts: value propositions and sustainable value, and triadic business relationships. This chapter presents the concepts of customer value propositions, and sustainable value propositions in accordance with the chosen approach of S-D logic.

### **2.1 Value-in-exchange and value-in-use**

Value is defined as “an interactive relativistic preference experience” (Kowalkowski 2011; Holbrook 2006, 212). Majority of the previous research builds on the traditional economic assumption that value is created by companies that pass it down through suppliers to the customers, but the shift in later literature turns towards considering customers as active participants in value networks (Frow et al. 2014, 5). Ultimately, the customer determines the value of a service. To assess the value, the customer needs to experience it. Therefore, the concept of value is contextually bound, dynamic and developed over time. (Grönroos & Voima 2013, 146). Modern active and connected consumers seek to find better service solutions by interacting with companies, and thus they are more likely to engage in the value creation processes with the service supplier (Prahalad & Ramaswamy, 2004, 6-8). Suppliers apply their specialized professional skills, methods and judgment, while customers contribute resources such as knowledge, in order to create optimal value-in-use (Aarikka-Stenroos et al. 2012, 17).

Value creation literature differentiates the determinants of value emphasis into two categories: value-in-exchange and value-in-use. Value-in-exchange is an important part of the value creation process because it represents the negotiated evaluation of the offer between the supplier and the customer. Value-in-use refers to the contextual nature of value – the value of an offering realizes in the process of accessing and deploying the resources, and ultimately determined by the customer in the using experience of the service. However, value-in-exchange and value-in-use should not be considered to be ruling each other out, for they can both be integrated efficiently in value creation process with S-D logic. (Kowalkowski 2011, 279, 288)

According to the traditional view, value is created when the supplier succeeds in bringing out better customer solutions compared to the competition (Sirmon, Hitt & Ireland 2007, 273). The view of the supplier as the main actor in value creation is challenged by addressing customers' value generating processes (Aarikka-Stenroos et al. 2012, 16). For instance, customer collaboration and resource integration can be encouraged various stages in customer relationship to increase the final value of the service. (Tuli, Kohli & Bharadwaj, 2007, 5)

The process is called value-in-use, which refers to how the end-customer experiences the value and is able to link it into the existing value creating processes of their own. Customer experience is a result of all the interactions that have happened, starting from the early negotiations and value expectations to the value-in-use assessments. (Ballantyne et al. 2011, 207) In notion, however, defining value creation only by value-in-use does not depict the actual situation as it neglects the activities of the service supplier. In addition, value-in-use relies strongly in consumer's experiences, whereas the current literature is shifting to explain value creation in service context. (Grönroos & Voima 2013, 135, 137)

Creating value for the customer begins with understanding the customer's value-creating processes. If value is embedded in the customer activities, a supplier can enhance this value by creating positive interactions or further development. The aim should be building more value to achieve an important role in the customer's activities. (Payne et al 2008, 87-88). An important aspect to increasing the understanding between the supplier and customer is value communication. In general, there are three main communicative skills that support customer value creation;

1. Attentiveness, pinpointing the importance of recognizing hints in customer behavior based on verbal and non-verbal communication
2. Perceptiveness, meaning the effort to understand the real significance of customer messages, and
3. Responsiveness, referring to achieving a certain level of agreement between the supplier and the customer. (see Salomonson, Åberg, & Allwood 2012)

Value creation is commonly explained by emphasizing the co-creational processes of value that include the service supplier and the customer. The process is not linear nor does it always follow the supplier's initiative. (Grönroos & Voima 2013, 135-136) Payne et al. (2008) define the customer's value creation process as a "series of activities performed by the customer to achieve a particular goal". The emphasis is in stakeholder interactions and mutual sharing of skills and knowledge. Customers engage in the value creation process through dialogue during all steps of the product design and delivery. Dialogue offers a possibility for understanding customers and improve identification of the customer wants and needs. The customer relationship is an interactive, longitudinal, individual and contextual experience.

Value is created for both the company and its customer (Skålen et al. 2014, 137). Therefore, value assessment should include both parties. The value of a relationship is difficult to verify, because it requires many levels of analysis and different observational angles. It is also demanding to distinguish all the value-adding features of the offering, including both monetary and non-monetary value. Often most of the customer value derives from intangible resources. (Corsaro 2014, 987- 988) In general, there are five distinguished processes of value assessment in business markets: (1) identification of value potential, (2) verification of the customer base, (3) evaluation of the performance, (4) establishment of long-term value, and (5) systematic management of information (see Keränen & Jalkala 2013).

## **2.2 Customer value propositions in S-D logic**

Customer value propositions form within customer relationships. Even though there are variations in definitions of the term, value propositions are linked to a promise of value brought from an offering. They act as a bridge between value-in-exchange and value-in-use. The term originates from McKinsey & Company business work paper by Lanning and Michaels from 1988, where value proposition is presented as a "clear, simple statement of the benefits, both tangible and intangible, that the company will provide, along with the approximate price it will charge each customer".

Many studies have built on this definition; while some argue that companies create value propositions without any direct customer involvement, some emphasize network impacts with company's stakeholders (Skålén et al. 2014, 138-9, 144)

Anderson et al. (2006, 92-94) classify customer value propositions into three categories from the supplier perspective, (1) All benefits, (2) Favorable points of difference, and (3) Resonating focus. Suppliers often adopt one of the three ways to approach value propositions. There are challenges in each of the above-mentioned approaches. Listing all the value elements of an offering can cloud up the value-adding features, as the supplier can promote benefits that are either similar to the next best alternative, or do not bring any additional value to the customer.

The second approach brings out the elements making the offering either superior or inferior compared to competition. The risk is in failing to address the value-adding features that are most important to the customer, or even underlining features that only have little or no importance for them. Resonating focus is presented as the golden standard. It is important to recognize the most important value elements in general and to identify the elements bringing the most value to the target customer. (Anderson et al. 2006, 94)

Utilizing S-D logic perspective in forming value propositions creates possibilities for competing through services (Kowalkowski 2011, 288). The concept of value propositions is one of the central foundational premises in S-D logic, as value propositions are used in determining value expectations in the service context. (Frow et al. 2014, 4) The general definition of value expectation is a "promise that customers can extract some value from an offering". Direct interactions with the customer can develop into dialogical processes and provide a solid platform for the value proposition. (Grönroos & Voima, 2013, 146)

Value proposition should also consider the influence of the customer relationship. If the customer is only looking for short-term benefits from the offering, it can be difficult to get any contributions to the value proposition. Contrary, if the customer seeks for long-term benefits and is ready to engage in a long-term customer relationship with the company, the level of contribution can be much higher. The emphasis shifts more from the value-in-exchange towards value-in-use (Kowalkowski 2011, 290)

Vice versa, a well-established value proposition can contribute to the customer relationship. As value propositions represent the service offering, they can contribute to engaging in prosperous long-term customer relationships. (Payne & Frow 2014B, 223)

*Reciprocal value propositions* represent mutual benefit, as they are formed between the supplier and the customer. The essence of reciprocity lies in the ideology that service is exchanged for a service and each party gets the expected outcome by offering something of value to the other party. Thus, value propositions are mutual promises. The approach emphasizes knowledge sharing before coordinating the value propositions, resulting in more downstream benefits. Enhanced exchange activities, dialogue, and clear information flow strengthen the value proposition. Essentially, reciprocal value propositions build on three main premises:

1. *Development of value.* The value of the service takes shape and evolves in different stages of the interaction; the stages are a series of possibilities to create a good customer experience.
2. *Complexity of the network.* Modern market place is a shared interactional place or space for stakeholders. In reciprocal value propositions, the initiator and participant roles are interchangeable enabling more innovative markets and renewing communication roles
3. *Marketing communications.* Interactive communication over time entails detailed relationships-specific information of emerging customer requirements, presenting possibilities to improve value propositions. (Ballantyne et al. 2011, 204-209)

To create value for the customers, the company needs to manage its resources to integrate and balance the processes affecting value creation (Sirmon et al. 2007, 275,287). S-D logic too highlights well-managed resource integration in direct interactions. Differentiation between tangible and intangible resources, and emphasizing of intangible resources as the enablers of companies' value propositions are centric aspects. (Skålén et al. 2014, 139) Importantly, resource integration in unique ways also motivates economic exchange (Lusch & Vargo 2006, 284). Åkesson et al. (Åkesson, Skålén, Edvardsson & Stålhammar 2016, 342) argue that resources themselves have no integral value.

Instead, they hold a certain amount of value potential, and the realization of that potential depends on their integration and application. Consequently, integration is dependent on the stakeholders' expectations and capabilities. Resources can also be integrated in company's value proposition -offerings for the markets. Skálén et al. (2014) point out, that integrating resources into value propositions can include many stakeholders within the market, or they can be formed within business networks.

To integrate resources into value propositions, Skálén et al (2014, 144, 153) distinguish three aggregates of practices; (1) provision practices, (2) representational practices, and (3) management and organizational practices. Provision practices help the company to enable the value proposition by including the customer into the value creation, representational practices focus on communicating the value proposition by giving it content and structure, and management practices fulfill the value proposition by aligning and organizing the previously mentioned practices.

### **2.3 Value propositions and multiple stakeholders**

Marketing is not restricted to direct transfers of goods between two parties. Exchanges are often rather intangible, indirect, or symbolic, and can involve more than two parties. (Bagozzi 1975, 32) Traditionally, marketing looks at exchanges in different interactional situations, not just in direct sale-purchase situations between service suppliers and customers. (Ballantyne et al. 2011, 207) As markets fundamentally comprise of networks, they require companies to customize their strategic focus on improving the relationships between different stakeholder groups. In many customer relationships, the business has more than one stakeholder group contributing to the value proposition, making it more demanding to control the process. (Ballantyne et al. 2011, 205)

Lusch & Vargo (2006, 285) emphasize the importance of networks in exchange and value creation, for value creation is enabled in interactions that aim at integrating and transforming resources. Frow & Payne (2011, 231) state that value propositions have the potential to bond different stakeholder groups together through enhanced knowledge and resource sharing. Consequently, value propositions can be seen as invitations for stakeholders to engage in the service, or to align their service expectations (Chandler & Lusch 2015, 12).

There are five steps to include stakeholders to the creation process of value propositions, and the purpose of the process is to align the value expectations of different stakeholders by using value propositions:

1. Identifying the stakeholders,
2. Determining core values of the service,
3. Facilitating dialogue and knowledge sharing,
4. Identifying opportunities for value co-creation, and
5. Co-creating value propositions with the recognized stakeholders. (Frow & Payne 2011, 233)

To form a balanced value proposition, it is crucial to recognize the core values of the company's offering. This requires the ability to identify the most influential stakeholders from this perspective, as well as efforts to structure coherent communications between the stakeholders. From this basis, the company is able to recognize possibilities for (co-)creation of value propositions with its stakeholders. Overall, there is a shift in the value proposition literature from dyadic supplier-customer perspective to viewing a 'service ecosystem' of the business, consisting of multiple stakeholders, and emphasizing knowledge sharing and dialogue and their influence on reciprocity and co-creational processes of value propositions. Thus, the focus is shifting to examine the stakeholder role within the service ecosystem. (Frow et al. 2014, 2)

Traditionally, literature regarding relationship value creation and management has agreed with the view of three central stakeholders: employees, customers, and shareholders. However, the stakeholder network contributing to value creation is much vaster, including suppliers, community, government and environment. Addressing public interests, such as sustainability, can also contribute to value creation. (Bistrova et al. 2014, 130)

## 2.4 Sustainable value propositions

Sustainable value need to include considerations over time. Sustainable value creation is balanced between short-term and long-term goals and performance. Despite of the common emphasis on focusing solely on achieving economic value, sustainable financial results can be, in fact, better established by implementing business strategies including alternate value drivers promoting other types of value.

Value drivers can be financial or non-financial, and the latter ones can be as imperative in the creation of sustainable value as the financial ones. Non-financial value can derive for example from customer relationships, innovation, skills, and customization. (Bistrova et al. 2014, 129)

Sustainable value propositions are defined as “a promise on the economic, environmental and social benefits that a firm's offering delivers to customers and society at large, considering both short-term profits and long-term sustainability”. According to their research, there are four main stages in developing economically, environmentally and socially sustainable value propositions. These stages are

1. *Identifying potential impacts of the offering and key value creation mechanisms*; (1) outlining key benefits of the service in terms of expected value-in-use for the stakeholders and (2) determining the customer's value drivers to customize the value proposition
2. *Choosing key indicators*; choosing indicators for quantifying the value of the service
3. *Conducting lifecycle modeling*; (1) establishing a baseline for key economic, environmental and social indicators (2) quantifying the indicators and analyzing the impacts, and (3) recognizing possible trade-offs between dimensions of sustainable value, and
4. *Demonstrating lifecycle value*; proving the total value-in-use for the customer over the lifecycle of the service. (Patala, Jalkala, Keränen, Väisänen, Tuominen & Soukka 2016, 144-5)

The research utilizes the lifecycle approach in calculating the economic, environmental and social impacts of the service, proposing that the approach is beneficial in implementing sustainability in not only the product's lifecycles and supply chains, but also in marketing and purchase activities. The purpose of lifecycle modeling is to quantify the indicators regarding economic, environmental and social dimensions, setting up a baseline for each indicator and calculating the benefits over the whole lifecycle of the service. However, the research recognizes the possible limitations in the approach, as some aspects of the customer value are difficult to quantify (Patala et al. 2016, 146, 150, 154)

Patala et al. (2016, 150) recognize the challenge between value indicators in different dimensions, because sometimes increase of value in one dimension can have negative effects on another dimension. Thus, the concept of trade-offs is central, and lifecycle assessment can help distinguishing the trade-offs and aim to find solutions to mitigate the negative effects. The research by Finch et al. (2017, 89) is aligned with the view, as they state that there is a need to consider the complex network of various issues and human influences on the sustainability marketing systems. Stakeholders should become more compromising in their marketing activities, testing and evaluating different alternatives, and possibly implement forms of hybrid models and linking practices.

The recognized challenge of quantifying sustainable value (see for example Corsaro 2014, Finch et al. 2017, Tate & Bals 2016, Orsato 2006) is another issue lifecycle view addresses. Lifecycle value brings out the total value that is realized to the customer throughout the lifecycle of the service. In terms of customer value propositions, demonstrating life cycle value can be an integrated proposition of economic value accompanied by achieved environmental or social impacts. There are three recognized specific ways of demonstrating lifecycle value:

1. *Monetization*, meaning an assessment of the environmental or social impacts in tangible economic terms. This can be, for instance, evaluations of carbon tons of other carbon impact assessments.
2. *Environmental or social certifications*, emphasizing the value potential on company's reputation and possibilities to communicate environmental or social value to stakeholders.
3. *Risk assessment*. Demonstrating the impacts on customer value deriving from sustainability-related risks. (Patala et al. 2016, 151)

### **3 TRIADIC BUSINESS RELATIONSHIPS**

Business relationships have been studied from many angles (Salo, Tähtinen & Ulkuniemi 2009, 618). Outsourcing and specialization have resulted in growing importance of business networks in company's value formation (Wynstra et al. 2015). Triads are the smallest unit included in the business network analysis (see Sitaloppi & Vargo 2017). This chapter presents the main academic developments regarding triadic business relationships by reviewing the emergence of academic debate of triadic business relationships, and proceeding to the social interface and communicational aspects.

#### **3.1 From business networks to triadic business relationships**

Companies are not the single controllers of their success. The marketplace is a network of social actors with economic interests, and companies need to be able to recognize relationship networks and respond to opportunities and challenges within them. (Ballantyne et al. 2011, 205) Businesses can be understood as "a set of relationships among groups which have a stake in the activities that make up the business". Consequently, to understand how the business works, it is necessary to understand the relationships. (Freeman et al. 2010, 24)

Studies of triadic business relationships as an object for research have emerged since the early 1990's. The knowledge built on, for instance, the existing research on exchange relationship analysis by Cook and Emerson (1984), and the premise that relationships between two actors affect/are affected by multiple stakeholders (Wynstra et al. 2015, 4). The definition for business network is influenced by the angle the research takes on the social features of the network (Havila et al. 2004, 174). A business network can be a connection that exists when two exchange relations are connected to the extent that exchange in one relation is contingent, positively or negatively, upon exchange in the other relation (Havila et al. 2004; Cook & Emerson 1984, 3). Håkansson & Ford (2002, 133) define network as "a structure where a number of nodes are related to each other by specific threads".

The following table depicts central studies regarding business networks and triadic business relationship.

Table 3. Prior research on business networks and triadic business relationships.

<b>Author(s)</b>	<b>Year</b>	<b>Title of the article</b>	<b>Focus of the study</b>
<b>Cook &amp; Emerson</b>	1984	Exchange networks and the analysis of complex organizations	Connections in social-exchange networks
<b>Turnbull</b>	1984	Tri-partite interaction: The role of sales subsidiaries in international marketing	Business relationships including three parties
<b>Yamagishi et al.</b>	1988	Network connections and the distribution of power in exchange networks	Connections in social-exchange networks
<b>Johanson</b>	1989	Business relationships and industrial networks	Connections in business networks
<b>Havila &amp; Sandström</b>	1993	International business: Distribution chains or triadic units	Business relationships including three parties
<b>Anderson et al.</b>	1994	Dyadic business relationships within a business network context	Relationships and influences between three parties
<b>Pardo &amp; Salle</b>	1994	Strategic interplays of an actor in a relationship with a distributor	Business relationships including three parties
<b>Easton &amp; Håkansson</b>	1996	Markets as networks: Editorial introduction	Connections in business networks
<b>Havila</b>	1996	International business-relationship triads: A study of the changing role of the intermediating actor	Triadic business relationships
<b>Ritter</b>	2000	A Framework for Analyzing Interconnectedness of Relationships	Interconnections in business networks
<b>Trimarchi</b>	2001	International business relationships: A study of interaction between Mainland Chinese, Hong Kong Chinese, and Western actors	Triadic business relationships
<b>Håkansson &amp; Ford</b>	2002	How should companies interact in business networks?	Interactions in business networks
<b>Havila, Johanson &amp; Thilenius</b>	2004	International business-relationship triads	Triadic approach to intl. business relationships
<b>Salo, Tähtinen &amp; Ulkuniemi</b>	2009	Twists and turns of triadic business relationship recovery	Triadic business relationship recovery processes
<b>Wilhelm</b>	2011	Managing cooptation through horizontal supply chain relations: Linking dyadic and network levels of analysis	Including supplier-supplier networks to buyer-supplier relations analysis
<b>Autry, Williams &amp; Golicic</b>	2014	Relational and Process Multiplexity in Vertical Supply Chain Triads: An Exploration in the U.S. Restaurant Industry	Vertical triadic supply chain networks
<b>Nätti, Pekkarinen, Hartikka &amp; Holappa</b>	2014	The intermediary role in value co-creation within a triadic business service relationship	Value co-creation in triadic business relationships
<b>Hartmann &amp; Herb</b>	2015	Interconnectedness of actor bonds in service triads – a social capital perspective	Interconnectedness in service triads
<b>Pardo &amp; Michel</b>	2015	Dynamics in a distribution triad – A case study	Triadic business relationships
<b>Schreiner</b>	2015	Triadic analysis of business relationship's ending: A case study of a dyad and a third actor	Triadic view on business relationship dissolution
<b>Vedel</b>	2016	The triad value function – theorizing the value potential of connected relationships	Connectedness and value potential within triads
<b>Siltaloppi &amp; Vargo</b>	2017	Triads: A review and analytical framework	Overview of the triad concept

A business network exists between three parties only when exchange between two parties to some extent affects exchange between the two other parties and vice versa (Yamagishi et al. 1988, 835). A business relationship triad exists, when three parties interact or communicate repeatedly based on a specific reason, and each stakeholder interacts with the other two parties. Triadic business relationships are traditionally examined from the viewpoint of the stakeholders or the relationships between them; the research can focus on how the stakeholders are connected and influence each other, or the influence of one relationship on the other. (Havila et al. 2004, 173-174)

Business relationship triads are the smallest unit of analysis included in sociological network analysis. There are variations in the prior research regarding focus points of triadic business relationships. Sitaloppi & Vargo (2017) distinguish three forms of triadic business relationships. They characterize the special social dynamics that emerge only in triads:

1. Brokerage: One stakeholder's actions between two others. Focus on how one stakeholder influences, manages or facilitates interactions between two other stakeholders.
2. Mediation: Embeddedness of dyads within triads. Focus on how a dyadic relationship affects/is affected by a relationship with the third stakeholder.
3. Coalition: Ties of a system of three stakeholders as a whole. Focus on understanding the balance between relationships in a triad including different characteristics.

Sitaloppi & Vargo (2017, 7, 9, 13) recognize a specific type of mediation within triadic business relationships: dyadic influence. It demonstrates how one stakeholder within a triad can influence the relationship between the two others by providing information. The influence can be, for example, on decision-making, trust, or the whole customer relationship. However, the research suggests that emphasizing the intermediary role of one stakeholder within a triadic relationship might result in overlooking some aspects of social dynamics that are visible in triads and other human network systems.

In coalitions, the central aspect is the formation of relationship ties amongst all three stakeholders over time. In coalitions, power and search for stability and strategic benefit within the relationships are driving forces.

### **3.2 Connectedness within triadic business relationships**

Within business networks, there are business relationships. Business relationships are always somehow connected. The relationships tend to be complex and successful ones often long-term, and their state being a result of the past events within the relationship. Business relationships offer a chance for both developing and utilizing the company's own as well as its partners' resources. Company's business relationships are a result of its strategy and activities. (Håkansson & Ford 2002, 134, 136).

Relationships are connected when what is going on in one relationship affects what happens in certain other relationship (see Ritter 2000, Kowalkowski et al. 2016). The connection does not automatically exist between every relationship, but an existing interconnectedness between relationships will have an effect on the business network. Studies regarding connectedness review also directionality and the quality of the influence; do both relationships affect each other or is the influence one-way, and is the effect positive or negative. There are different types of impacts that one relationship can have on another:

1. *No impact*: one relationship does not have any impact on the existence of another relationship,
2. *Positive impact*: one relationship has a positive impact on the existence of another relationship (enabling or enforcing effects, mutual learning, collaborations etc.), and
3. *Negative impact*: one relationship has a negative impact on the existence of another relationship (disabling or excluding effects, limitations etc.). (Ritter 2000, 319)

Understanding connectedness is important because it helps understanding the perceived value potential within the relationships that each stakeholder recognizes. Enhanced connectedness can predict and minimize collisions in perceptions, and it can contribute to the value creation in a triad. Studying the connections between the relationships in a triadic setting is important in order to capture the structural value potential (Vedel 2016, 849-50, 857).

In a triadic setting, the events in the relationship between two of the stakeholders affects or are affected by the relationships between the two other stakeholders. The effect can be positive or negative, even though sometimes marginal. If the business relationships do not exist in a triad but a chain instead, the interactions – sharing resources or activities – between any of the stakeholders will affect the remaining stakeholder. (Håkansson & Ford 2002, 134) Salo et al. (2009, 621) distinguish that the third stakeholder might have different roles within the triad. Moreover, the role in a triadic relationship is not static, but it can change through time. Thus, the influence one relationship has on another relationship varies.

When capturing and managing interconnected relationships, the information flow needs to be functioning inside the company. The company's network competence is enhanced by having a high integration of the internal communication structure and good availability of resources, leading to a higher amount of inter-organizational interaction. (Ritter 2000, 325) In triadic business relationships, each stakeholder has their individual understanding of how the relationships are connected. Therefore, if the stakeholders also have an individual view on the value potential within the relationship; the actions and decisions in separate dyads are influenced by the stakeholders' perception of the contextual setting and its overall value potential. Connectedness within relationships is separate to interactions, and neither one of them is a result of another. However, together these contribute to a network mechanism that is important to understand in order to comprehend value potential in triadic business relationships. (Vedel 2016, 851,856)

### 3.3 Social interactions within triadic business relationships

Establishing a customer relationship has two main stages, where first is attracting the customer and second is building the customer relationship to meet the economic goals. In the relationship building, it is common to consider the long-term goals and effects. Based on these premises, the definition of relationship marketing is “to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises”. (Grönroos 1994, 9)

There are three recognized aspects for evaluating communicative interactions: (1) evaluation in terms of development process of reciprocal value propositions, (2) resource integration and functioning of networks, and (3) value-in-use. Successful dialogue in these stages with the customer presents potential in co-learning and co-development of new knowledge over time. (Ballantyne et al. 2011, 205, 208) Generally, in consumer behavior studies, decisions are described in terms of need arousal that leads to purchase consideration and action (Percy 2008, 249). Decision roles refer to parts that stakeholders play in the decision process. The parts are:

1. Initiator, stakeholder that proposes the purchase or usage,
2. Influencer, stakeholder that recommends (or discourages) the purchase/use,
3. Decider, stakeholder that actually makes the purchase choice,
4. Purchaser, stakeholder that actually makes the purchase, and
5. User, stakeholder that uses the product or service. (Percy 2008, 252, 299).

Salo et al. (2009) distinguish three factors contributing to a triadic business relationship atmosphere: (1) attraction, (2) trust, and (3) commitment. Each of these elements have different activities, even though they are closely connected to each other. These are abstract outcomes of interactions within a relationship, whereas concrete outcomes include the actual resource ties. Attraction, trust and commitment influence the interdependence within the relationships, and all stakeholders need to be included.

Attraction in a business relationship refers to one stakeholder's interest to exchange resources with the other one based on the expectations of the rewards and costs deriving from the relationship over a certain period of time (Salo et al. 2009 623; Halinen 1997). Attraction contributes to the formation and development of trust and commitment and influences the maintenance and development of the whole business relationship. (Salo et al. 2009, 623)

The stakeholders in a triadic business relationship need to have a mutual dependency, trust, and commitment in order to make the relationship a functional one. (Salo et al. 2009, 621) Relationship commitment is used to describe the belief that an ongoing relationship is seen to be important enough to keep it going. Commitment entails efforts made to maintaining the relationship and ensuring that the relationship continues (Salo et al. 2009; Morgan & Hunt 1994). Trust is "willingness to rely on an exchange partner in whom one has confidence" (Salo et al. 2009; Moorman et al. 1992).

Trust develops within relationships rather than from individual factors. When stakeholders have trust in each other, they consider their business partner to be reliable and an expert in their business field. Dependency is an important aspect in regards of trust, because if the expertise of the other stakeholder is not needed, the need for trust diminishes as well. Therefore, trust is a vital element in the development of business relationships and an essential component in a long-term business relationship. (Salo et al. 2009, 624)

Jointly developed trust and commitment between stakeholders should be seen as the common goal for all actors within a triadic business relationship, and it contributes to the development of the value proposition for the customer stakeholder (Nätti et al. 2014, 980). In terms of trust, the concept of customer promise is important. Marketing actions do not only consist of giving promises to attract customers, but also of maintaining and enhancing the customer relationship to keep it. In addition, promises are mutually given and satisfied, i.e. the customer participates in the realization of customer promise with the service supplier. Fulfilling the customer promises leads to customer satisfaction and, in the end, long-term profitability (Grönroos 1994, 9).

When examining triadic business relationships, trust and commitment are central links between the prior circumstances of the relationship and its outcomes, and they hold a significant role in the development of the relationship, as well. (Havila et al. 2004, 173)

The role of relational trust within a business triad is important especially when the final customer is same for both other stakeholder within the relationship, and value propositions are created jointly. For instance, a customer promise that a property owner makes for the end-user has to include the maintenance service provider as they are the stakeholders that will deliver the customer promise in the promised frame. When the customer promise is achieved, it is likely to contribute positively to the trust towards the owner and the service provider, i.e. technical maintenance. (Nätti et al. 2014, 980)

Commitment can be strengthened by future intentions; if commitment is low, the stakeholders are more likely to consider only achieving the highest possible overall satisfaction from the relationship, but if the commitment (and trust) is high, the stakeholders will consider the future opportunities arising from the business relationship. This leads to investments in a relationship that, in consequence, can strengthen the business relationship commitment even further. However, the stakeholders need to take into consideration that when the investments are translated into value, the risk of losing the achieved value is higher, if the relationship terminates. This calls for sharing similar business relationship intentions for the future. (Salo et al. 2009, 626)

Transparency contributes to triadic business relationships as well. It helps clarifying roles and responsibilities, which can sometimes become blurred in the business relationship triad. For instance, the responsibilities of the owner stakeholder and the manager stakeholder can become unclear for the third stakeholder. Also the activity of each stakeholder can result in increase or decrease of responsibilities of another stakeholder and either strengthen or weaken their role within the relationship. (Nätti et al. 2014, 981)

Other ways for achieving trust and commitment in a business relationship call for sharing a mutual goal. It is vital for the stakeholders to share a similar vision and expectations for the relationship. It is well possible that the whole organizations need to be involved on some level in the endeavor of achieving the decided business goal, for consistency is important. Increased information flow and social exchange contribute to co-operation and adaptation. Utilization of other intangible assets of the network interface, such as including negotiation and improved communication procedures, raise the likelihood for the stakeholders to make tangible investments into the relationship as well. (Salo et al. 2009, 626)

### **3.4 Value propositions in triadic business relationships**

Triadic value proposition is defined as “a reciprocal resource-integration promise and value alignment mechanism, operating to and from three actors that seek equitable exchanges” (Kowalkowski et al. 2016, 286). In triads, value propositions are based on dialogue between the stakeholders. The aim of the communication is to improve the match between the service provider’s and the customer’s processes. Social interactions should aim for developing the activities of all stakeholders by defining each actor’s own processes individually while learning about other’s processes at the same time. This type of interaction can also help the stakeholders to recognize failures in their processes and finally, help to formulate a well-defined value proposition. (Nätti et al. 2014, 981) Communication between all three stakeholders, with considerations to the network dynamics within the triadic business relationship, also provide a platform for creating more value through the established relationships (Nätti et al 2014, 983).

Even service systems of three actors can be highly complex; hence, dyadic perspective to understanding co-creational processes of value propositions can become limited. Stakeholders operating in a business triad are connected through networks ties for doing business. Compared to supplier-driven dyadic value propositions, in triadic value propositions one needs to put more emphasis on including the stakeholders into the value creation process and have a clear structure on each stakeholder’s role within the triad. (Kowalkowski et al. 2016, 284-5, 295)

Another aspect to value creation in triadic business relationships is the value created in the sustained period in time. In coalitions, where the focus is on the whole triad as a unit, the stakeholders can contribute to the triad by sustaining the business relationship over time, and a stakeholder may acquire the role of stabilizing the relationship. (Sitaloppi & Vargo 2017, 8)

One important feature regarding triadic value propositions arises from the connectedness between stakeholders. Generally, connection is used to describe something that is linked or related, but connection as a network phenomenon also refers to situations where one relationship affects or is affected by another relationship. Thus, connectedness within business relationships influences the relationship processes. However, each stakeholder perceives connectedness individually, and connectedness captures the indirect positive or negative effects of a relationship. Connectedness is not necessarily a consequence of interaction; together, they form a network mechanism. (Vedel 2016, 849, 856)

In triadic value propositions, it is important to consider social and relational dimensions in addition to the economic dimension as they improve the understanding of other stakeholders' business and intangible values. Economic reasons can act as the baseline for the value proposition, but solid structural ties are necessary for its implementation, and social ties enable long-term orientation, trust and commitment, which are crucial for knowledge sharing and value propositions. Overall, triadic value propositions pose new opportunities for resource integration as well as co-creation and co-influencing of value propositions. This can create pathways for sustainable differentiation and lead to enhanced market position. (Kowalkowski et al. 2016, 284-5, 296, 298)

## 4 RESEARCH METHODOLOGY

This chapter presents the empirical part of the research, starting from the research process, followed by the research approach and description. The chapter goes through the case context and the sample of the study in more detail, depicts the data collection and analysis methods, before finishing with a discussion of the reliability, validity and generalizability of the research.

### 4.1 Research process

Figure 4 presents the main steps of the research process. The red arrows in the figure depict the realization of the process plan. Even though many research processes are described as a collection of multiple separate stages, there are needs to adjust parts of the research to maintain the unity of the whole work (Saunders, Lewis & Thornhill 2009, 10). Thus, many of the steps were in progress throughout the whole process.

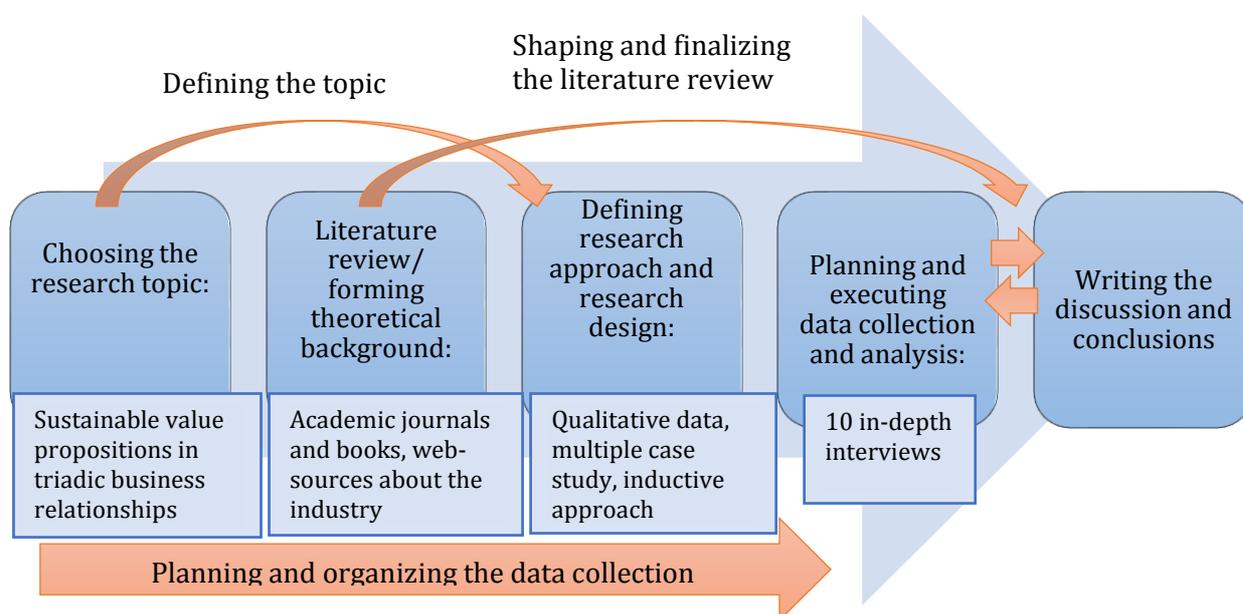


Figure 4. The research process (adapted from Saunders et al. 2009, 11)

After choosing the topic, the initial research proposal included primary decisions about the (1) approach of the study, (2) research design, and (3) the plan of the timetable for conducting the research and writing the thesis. The second and third step of the research included conducting the literature review and forming the theoretical background for the study, and defining the approach and research design for the study in more detail. The research design settled on qualitative approach and a multiple case study.

The fourth step of the research comprised of planning and organizing the data collection methods and conducting the data collection. The primary data collection happened simultaneously with other steps, and the study includes nine semi-structured in-depth interviews with the case companies and one in-depth interview with the service supplier. The last step consisted of (1) writing the discussion and conclusions based on the results and analyses, and (2) the final formatting and presentation of the thesis work.

## **4.2 Research approach and description**

This research is a qualitative study. A qualitative research aims to understand the influence of individuals or groups to a social or human problem. It is customary that the data interpretation builds from some particular problem into a larger scheme, making the approach for the research inductive rather than deductive. (Creswell 2014, 4) Literature review depicts that there is lack of knowledge regarding quantifying sustainable value propositions, indicating that qualitative approach is a more natural choice. Inductive approach refers to a research based on observation and empirical data, and developing the existing theory based on the results. (Saunders et al. 2009, 124-126, 592) This research utilizes inductive approach, analyzing the data from the bottom up and building themes arising from the data. The selected approach is the best fit to gather explicit qualitative data regarding sustainable value propositions from all stakeholders in the setting.

The research is a cross-sectional multiple case study. A cross-sectional study is a “study of a particular phenomenon at a particular time” (Saunders et al. 2009, 155). Therefore, the gathered data provides a “snapshot” of the customer relationships from all three angles of the triad. A case study is a design where the researcher develops an in-depth analysis of a specific case in its specific setting. Cases are restricted by time and activity, and the researcher collects data over a sustained period in time. (Creswell 2014, 14) Case study involves an empirical investigation using multiple sources of evidence, and a multiple case study is used in situations, where the aim is to find out to what extent the results might be generalizable (Saunders et al 2009, 146).

A multiple case study approach was selected to gain more reliable information of the phenomenon. Customer relationships were chosen from the existing customer base of the service supplier, and the case companies needed to be involved in a triadic business relationship with the service supplier and a third stakeholder at the time of the research. Each case also needed to include all three stakeholders, i.e. access to interviewing both customer stakeholders. The information enables drawing implications on the existing value propositions from different sides of the service relationship.

### **4.3 The research context**

The case study takes place in the real estate industry. TPI Control is a service supplier specialized in heat transfer systems for large properties. The study examines the service supplier and nine of its customers that are involved in a triadic business relationship with the service supplier.

#### ***4.3.1 Case company and service concept***

TPI Control is an expert company providing heat transfer system services. It was founded in 1990, employs roughly 30 people and has a revenue of 3,5m euros (2013). The goal is to provide the clients with concrete, measurable benefits regarding heat transfer systems. The vision is to be “a well-known and respected innovative expert of the heat transfer maintenance.”

The processes include inspecting and analyzing heat transfer processes and implementing solutions for improvement. The aim is to enhance efficiency and help the customer achieve cost savings. The provided services are divided into three main categories;

1. Service technologies for properties; improving the functioning of existing technologies in large buildings, reducing malfunctioning and the need for continuous maintenance, saving costs,
2. The industrial sector; improving energy efficiency of the processes, reduction of malfunctions and optimization of the production conditions, aiming for enhanced productivity and cost efficiency, and
3. Co-operation with partners; utilizing the company's expertise on the field by offering consultant services for its partners and promoting operative innovation for improving the functioning and energy efficiency of heat transfer systems.

#### ***4.3.2 Sample and the respondents***

The main criteria for sample selection was belonging to a triadic business relationship together with TPI Control. Additional criteria for the selection was the possibility to interview each stakeholder within the triad. Of the 10 included companies, one is the service supplier and the other nine its customers. Together, these companies form four triadic business relationships, and one company has a dyadic supplier-customer relationship with TPI Control.

Unit of analysis refers to the level of distinction of the entity that the study focuses on (Edmonds & Kennedy 2013, 15). The cases build around TPI Control and its customer companies, forming triadic business relationships, thus the units of analysis are the triadic customer relationships. Figure 5 presents the setting of the study by illustrating the units of analysis.

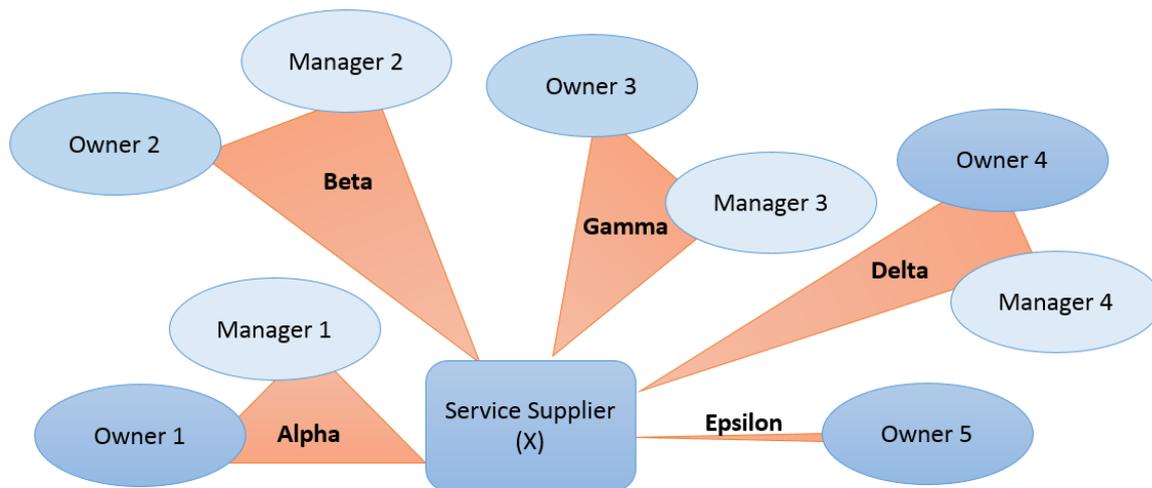


Figure 5. The units of analysis.

The following table presents the case companies. Stakeholder status refers to the position of the company within the customer relationship, thus the research consists of (1) Owners, (2) Managers, and (3) Service supplier. Owners are the actual property owners, and managers the companies that handle the technical maintenance and management on location. Service supplier is TPI Control. Stakeholder within each triadic business relationships are coupled as follows: Alpha, Beta, Gamma, Delta – Epsilon depicts the one dyadic customer relationship included in the study. Business orientation explains the main goal of the company's business on a general level.

Table 4. Sample companies and triads.

Triad	Company	Business orientation
Alpha	O1	Long-term goals on real estate management
	M1	Technical management of properties according to the customer
	TPI Control	Enhancement of efficiency and functioning of properties
Beta	O2	Long-term investment goals on real estate sector
	M2	Short-term goals on technical management
	TPI Control	Enhancement of efficiency and functioning of properties
Gamma	O3	Long-term investment goals on real estate sector (gaining excellent long-term return)
	M3	Technical management of properties to ensure customer's investment goals
	TPI Control	Enhancement of efficiency and functioning of properties
Delta	O4	Long-term investment goals on real estate sector
	M4	Technical management to achieve high efficiency of properties
	TPI Control	Enhancement of efficiency and functioning of properties
Epsilon	O5	Long-term goals on real estate management while achieving profitability of investments (process entity management)
	TPI Control	Enhancement of efficiency and functioning of properties

Table 5 presents the interview respondents. In general, they are property managers; in the owner-side, the respondents are in a decisive role regarding purchase decisions of their property portfolio and in the manager-side, the respondents are account managers and technical managers. The interviews were one-to-one interviews except for two interviews having two respondents and one having three.

Table 5. The respondents and the length of the interviews.

Company	Respondent(s)	Related work experience	Length of the interview
<b>O1</b>	Expert in real estate management (1)	30 years in real estate business, background in planning and operational field	42 min
<b>O2</b>	Technical manager (1)	9 years in real estate business, background in maintenance	25 min
<b>O3</b>	Property director (1)	19 years in real estate business, background in development and real estate management	44 min
<b>O4</b>	Property manager (1)	19 years in real estate business, background in real estate management	61 min
<b>O5</b>	Property managers (3)	1: 7,5 years in real estate business 2: roughly 10 years in real estate business 3: one year in real estate business, background in commercial real estate	28 min
<b>M1</b>	Foreman (1)	20 years of experience in technical management	48 min
<b>M2</b>	Property manager (1) Maintenance manager (1)	1: 20 years in real estate business, background in administration and property management 2: 18 years in real estate business, background in technical management	40 min
<b>M3</b>	Property manager (1)	Roughly 25 years in real estate business, background in technical maintenance and property management	20 min
<b>M4</b>	Account manager (1)	Under 10 years in real estate business, background in technical management	54 min
<b>TPI Control X</b>	CEO (1) Account manager (1)	1: Founded TPI Control 18 years ago, background in engineering 2: Working in TPI Control for four years, background in sales and marketing	132 min

Most of the respondents have a long working history in the real estate business. Five of the respondents have a background in technical management and maintenance, and four of them are currently employed in the M3 companies. In owner companies most of the respondents reported having a background in management and planning or development functions of real estate business.

#### **4.4 Data collection methods**

The research utilizes qualitative methods and data. Qualitative methods depend on “text and image data, have unique steps in data analysis, and draw on diverse designs” (Creswell 2014, 183). Qualitative data refers to all “non-numeric data or data that have not been quantified and can be a product of all research strategies” (Saunders et al 2009, 480).

This study uses both primary and secondary data. Primary data collection was carried out through interviews that were conducted with TPI Control and its customers during March and April 2017. Interview is “a purposeful discussion between two or more people”, and the aim of conducting interviews in a research is to gather valid and reliable data concerning the selected research questions and objectives (Saunders et al 2009, 318; Kahn & Cannell 1957). Interviews were semi-structured; intended to bring out the views and opinions of the interviewees in the selected topic. (Creswell 2014, 190).

The interviews were non-standardized. The interviews have a defining role in understanding stakeholders’ value expectations and perceived value of the service. In the interviews, there was a list of open-ended questions and themes to be covered, but also flexibility concerning the exact form and order of the questions. In addition, in some interviews there was a need for refining and further questions on the topics that were covered during the interview. The need for altering the questions and their order occurred mostly because of the position that the company held within the customer relationship, but in some cases, the approach was used to obtain more comprehensive answers from the respondents.

In total, there were 10 interviews in 10 different companies, forming of 4 independent triadic business relationship and one dyadic customer relationship. Data from dyadic customer relationship is included where applicable regarding the perceived value and value expectations, but data concerning the customer relationship is excluded for not being valid in this study. Interviews were face-to-face, audio recorded and transcribed.

The data was complemented with interview notes, including contextual information of the setting that might influence or explain the results arising from the analysis. Secondary data, consisting of public documents, was collected from academia, utilizing sources such as books, journal articles and relevant academic publications. The study utilized LUT library and the university database as well as search engines on the Internet, such as Google Scholar.

#### **4.5 Data analysis methods**

In qualitative research, the researcher analyzes data from the bottom up and organizes it to increasingly abstract components of information, utilizing for example text analysis and themes and patterns interpretation (Creswell 2014, 186). After transcription of the interview data, analysis process of this research included four main stages described below (adapted from Creswell 2014, 197: Validating the accuracy of the information).

**(1) Obtaining and organizing raw data:** accessing all interview transcripts and notes, formatting, and going through all data. The stage prepares the raw data for analysis.

**(2) Conducting thematic coding of the data:** Finding code words and general themes in the interview answers and structuring the coded themes in tables and figures. Saunders et al. (2009, 490) distinguish three main types of processes in grouping the data:

1. Summarizing of meanings
2. Categorization of meanings, and
3. Structuring of meanings using narrative.

In this research, the two first ones were used. Summarizing took place after combining different types of collected data, and its purpose was to make the emerging themes and topics clearer. Categorizing means developing groups based on common attributes and attaching data to the categories (Saunders et al 2009, 492). In this research, it was done by searching themes and patterns from the interview data. Pattern matching was done by reflecting the results on the theoretical background of the study.

Purpose of the thematic coding was to recognize the most important value elements of the service. Code words such as environment, responsibility, green, social, user, image, economic, efficiency, saving, and cost were used to recognize (1) environmental, (2) economic, and (3) social/other perceived benefits by all stakeholders. In the evaluation of value assessment code words were benefit, realized, expectation, preference etc. The results from coding were formatted into a table frame to recognize themes (1) according to the stakeholder status, and (2) within each triadic business relationship.

Examination of how value perceptions within triadic business relationship affect the decision-making requires understanding the dynamics within triadic business relationships. The interviews were first divided into two groups based on the position of the respondent(s) in the customer relationship triad, and the common themes were searched amongst similar respondents. To form a holistic view of each unit of analysis, the analysis was carried out “triad-by-triad”, and comparing the views of all stakeholders. Comparing the results of each triad results in a more holistic view on triadic business relationships.

**(3) Interrelating themes and descriptions:** Finding correlations and differences in recognized themes, and grouping the themes found amongst the owners and the managers, and forming connections between arising themes within triads. Main tools in this stage were data display analysis and template analysis, with the main purpose of visualizing the data to find implications and relationships. Data display analysis builds on organizing, summarizing and simplifying the data into a form where it is easier to draw conclusions. In practice, this was done by using matrices and mind maps of the central results in displaying the data. Template analysis essentially refers to formation of a list of codes/themes (Saunders et al. 2009, 502-505), and this was first done based on the literature review and improved by information from the empirical research.

**(4) Interpreting the meaning of themes and descriptions:** the last stage includes drawing conclusions based on the results.

#### 4.6 Assessment of data quality

The basic framework for evaluating business research consists of three concepts of reliability, validity and generalizability (Eriksson & Kovalainen 2008, 291). Recognizing and mitigating possible challenges in any of the previous is an important part of any research, together with the evaluation of how well the precaution procedures have succeeded.

Reliability refers to the extent to which data collection methods or techniques can yield consistent findings, similar observations or conclusions made by other researchers.

It can also refer to transparency of the research. (Saunders et al. 2009, 600) In a qualitative research, one of the main concerns regarding reliability is bias in the research. Most common aspects are related to interviewer and respondent biases. The first refers to the comments and the non-verbal behavior that may affect the answers of the respondent, but the bias can also occur in data analysis, if the answers are interpreted in a way that does not express the respondent's original meaning. Respondent bias refers to how the respondent experiences the interviewer, the topics and the situation. Negative image can lead to the interviewer having only a partial picture of the respondent, the company or the selected topic. (Saunders et al. 2009, 326-327)

Most of the measures taken to minimize the possible bias were included in the procedures during interviews. Primary techniques to gather reliable data were the use of additional or refining questions in situations where the answers needed clarifications, gaining the trust of the respondents by active and attentive listening, summarizing the answers and testing understanding, as well as use of notes. Another way to increase the reliability of a qualitative study is to document the steps and procedures of the study as explicitly as possible (Saunders et al 2009, 328). In this study, the transcriptions of the interviews were checked afterwards to ensure there were no mistakes, and consistency of data coding was checked so that the meaning of different codes during the coding process remained the same.

Validity refers to the extent to which the conclusions of the research give an accurate explanation of what happened – in qualitative research, the aim is rather to guarantee that the report or the description of the events is correct (Eriksson & Kovalainen 2008, 292). In the present research, it was important to ensure the match between the aim of the research and the interview questions so they would measure the things that were meant to be measured. Planning of the research design paid excessive attention to avoiding flaws in the data collection phase of the research.

Generalizability means the “extent to which the findings of a research study are applicable to other settings” (Saunders et al. 2009, 592). Generalizability of a qualitative study is challenging to evaluate, because the purpose of qualitative study is to uncover specific features within phenomena in the setting of the study, and the value of the research lies within that particular description and themes of the setting. (Creswell 2014, 204) However, connecting a qualitative study to the existing theoretical background can add to its generalizability. Linkages to a broader theory frame and past research creates substantial significance for the case findings of the qualitative study. (Saunders et al. 2009, 335) This is the basis of the present research, thus there is not so much concern to generalize the results in its common meaning. The following table summarizes the data quality assessment.

Table 6. Data quality assessment.

Area of data quality assessment	Challenge	Solution
<b>Reliability</b>	Bias in the research	Clear documentation of procedures
		Various measures in interviews
	Faults in analysis	Checking of interview transcriptions
		Checking the consistency of coding
		Large enough sample for investigating the phenomenon (10 companies)
<b>Validity</b>	“The match” between research intention and results	Refining the match between research questions and interview question
		Planning the research to avoid flaws in data collection phase
<b>Generalizability</b>	Possible weak generalizability resulting from the research design	Rigid connections to the previous research (well-defined research gap)
		Measures taken to increase reliability and validity of the research

## 5 FINDINGS

This chapter introduces the results of the empirical part of the study. Because the **purpose of the research is to explore how to communicate sustainable value propositions in triadic business relationships**, the findings are presented through the units of analysis, i.e. triad-by-triad (Alpha-Delta, and Epsilon). The chapter presents the main findings from the primary data in accordance with the selected research questions, each question and related data in their own sub-chapter 5.1-5.3.

Findings on RQ1 are viewed first individually through each triad to determine the perceived value of the service. Nonetheless, to answer to RQ1 holistically, it is necessary to make comparisons between the stakeholders across triads. Comparing the data from similar customer stakeholders in different triads – O1 and O2, or M1 and M2, for instance – shows the existing correlations between the stakeholders. This information is then reflected back to the data regarding the units of analysis to draw further remarks. These observations provide the answer to RQ2. Finally, RQ3 brings these parts together. Findings on RQ3 reflect the research purpose by presenting the improved research framework.

### 5.1 Perceived value of the service

This sub-chapter presents the key findings related to the first research question RQ1: **“How do the perceived value elements differ depending on the stakeholder in the triadic business relationship?”** In general, the central benefits of the service are:

1. **Economic perspective:** improved energy-efficiency and cost savings (and recognizing and fixing system failures), enhanced return on investment
2. **Environmental perspective:** reduced CO<sub>2</sub> emissions, reduced energy consumption
3. **Social perspective:** Property user benefits, positive influence on reputation/image
4. **Other benefits:** Reliability of the service, expertise and knowledge of heat transfer solution services

Table 7. Perceived value, triad Alpha

Triad	Perceived value	O1	M1
Alpha	Economic	-Cost-effective energy transfer -Achieving long-term savings on energy efficiency -Operational improvements	-Energy efficiency -Enhanced monitoring (distant monitoring) and automatization -Enhanced operational reliability
	Environmental	-Effective energy transfer -Measurement of benefits (carbon tons/carbon footprint calculations)	-In terms of the heat transfer solutions environmental benefits are not imperative -Consideration on effective waste management
	Social/other	-In terms of the heat transfer solutions social benefits are not imperative -Willingness to reduce the carbon footprint, partly for CSR reporting and image benefits	-Property user perspective, i.e. quality of the services contributing to the customer satisfaction -Code of conduct in terms of quality and responsibility reporting

O1 has long-term goals in real estate management. The focus is strongly on maintaining the existing properties, and the real estate portfolio has sites that need to take into consideration the cultural heritage of the property or other specific requirements. The users of the properties also look for long-term solutions in property maintenance. O1 has an active stance towards maintenance of its properties, for it is accountable for the functionality of its properties for its users.

O1 pinpointed the importance of realizing the value of the provided service by making it easily understandable through measurement. The company utilizes financial calculations of the achieved cost savings, and environmental benefits are calculated through carbon ton/ carbon footprint calculations, energy consumption calculations and other similar financially affected metrics. The respondent emphasized that a more sustainable option could be chosen over a more “traditional” one, if the benefits were clearly quantified or possible to calculate, and that they would be connected to the economic benefits. In terms of heat transfer solutions, O1 did not recognize any imperative social or environmental benefits apart from the environmental benefits deriving from the energy (and resource) savings and the possible image benefits from sustainability reporting. Being able to quantify and prove the sustainability-related benefits is important in engaging owner stakeholders:

*"We are ready to invest money to make the carbon savings look better and better all the time --- they should emphasize how much their actions affect the carbon footprint in its totality." –O1*

M1 aim for well-functioning property management in accordance with the customer's wishes. The respondent emphasized the importance of the owner as their primary customer, and the property user perspective was imperative as well. Overall, considering environmental value potential of the heat transfer solutions was seen to be rather small. Comparing the views of O1 and M1, it is noticeable, that O1 considered the environmental value of the service to be much higher than M1.

Table 8. Perceived value, triad Beta

Triad	Perceived value	O2	M2
Beta	Economic	-Prolonging the lifecycle of the systems -Cost efficiency -Achieving cost savings with "small tweaks"	-Knowledge of the system quality and how to optimize efficiency -Cost savings
	Environmental	-Considering CO <sub>2</sub> emissions when making investments	-Energy savings (saving resources means saving money) - Environmental benefits count only if they result in economic benefits
	Social/other	-Benefits concerning the property users, providing stable conditions for the tenants	-Advanced technical instructions regarding system operations, holistic view on system analysis (recognition of issues beyond the initial target – trust in the service supplier) -User-friendliness

O2 has long-term investments goals in real estate sector. The time span the company considers when purchasing new solutions for their real estate can be 25-30 years, and if the question is about a construction project, the time span can be up to 50 years concerning internal solutions. The long-term view is dominant also in the service provider selections; the company is looking for stable partners who can provide solutions for the exact problems in the properties. O2 does not take a particularly independent stance towards the maintenance-related decisions of its properties. Regarding the decision-making process of solutions affecting the functionality of the real estate [such as the service by TPI Control], O2 states:

*I can push through the technical decision and check that all the criteria [of the service] is met --- But of course, I need to go through the effects with the managers. We go through the impacts on the tenants and the properties in general. Only after that we can make the final decision.” – O2*

O2 considers the most important value of the provided service to be the prolonging of the existing property lifecycle. O2 values the savings that can be achieved through relatively small investments, “tweaks”, into the existing systems.

M2 has short-term goals in technical real estate management. There were two respondents in the interview, and they had similar views regarding the perceived benefits of the service as well as dynamics within the triadic business relationship. They consider the most important value from the provided service to derive from the expert knowledge regarding the real estate portfolio. The concrete benefits are clear reporting and provided guidelines to fix the recognized problems and then maintaining the systems to achieve higher functionality. Considering the whole triad Beta, the owner has a vision of the long-term property management, and the manager is there to provide the owner with the right tools to achieve this.

Table 9. Perceived value, triad Gamma

Triad	Perceived value	O3	M3
Gamma	Economic	-Concrete cost savings -Enhancing monitoring of the systems -Prolonging the lifecycle of the systems -including information on long-term real estate planning	-Cost savings -Analysis and comments on how to improve the existing heat transfer systems -Improvements on technical maintenance of the systems
	Environmental	-Stance on enhancing environmental aspects in terms of property investments	-Environmental benefits are not imperative
	Social/other	-Enhancing the property user satisfaction -Improvement of air quality for property users -Improving credibility in sustainability matters for investors	-Improved property user satisfaction -Improved stability of the property conditions

O3 has long-term investment goals on real estate sector (gaining excellent long-term return on investments). O3 takes an active and positive stance towards enhancing sustainability and sustainable solutions in their real estate portfolio. The most important benefit of the service is including the real estate –related knowledge into the long-term planning, and achieving actual cost savings and improved air quality for the property users. O3 emphasized the possible environmental benefits from the service, and seemed to see potential in bringing them forward:

*"We are looking for long-term [heat transfer] solutions --- I believe that questions about environment and energy will be emphasized in the future even more. For the time being, the real estate owners have the knowledge and understanding of these things whereas the users are still beginners on the matters --- many are not even questioning these things but they are rather asking about the euros per square etc.."*

– O3

M3 aims for high-quality technical management of properties to ensure its customers' investment goals. In their view, the central benefits of the service rely strongly on the economic benefits of the service, and that is the view they also communicate to other levels about the service. M3 did also recognize the importance of user-satisfaction in their work, from the practicalities of increased maintenance and workload if things in the property are not good, as well as the benefits for the owner (happy customers). M3 takes a stance on providing O3 the solutions that bring most economic value of the available options.

In Gamma, O3 stated hoping that M3 would take a more proactive role in managing the properties. However, maintenance side seems to consider economic benefits as the only element to be measured, whereas O3 showed clear indicators about being interested in investing into more sustainable solutions in the long-term to benefit the business (profits) and the end-users (tenants).

Table 10. Perceived value, triad Delta

Triad	Perceived value	O4	M4
Delta	Economic	<ul style="list-style-type: none"> <li>-Cost savings contributing to larger investment profits</li> <li>-Enhanced efficiency</li> <li>-Enhanced operational functionality</li> <li>-Prolonging the lifecycle of the systems</li> <li>-Knowledge of the system quality helps in budget planning</li> </ul>	<ul style="list-style-type: none"> <li>-Cost savings</li> <li>-Savings for the owner</li> <li>-Maintaining the (economic) value of the real estate</li> </ul>
	Environmental	<ul style="list-style-type: none"> <li>-Reduced energy consumption</li> <li>-Reductions in CO<sub>2</sub> emissions, surveillance on corporate level (carbon footprint)</li> </ul>	<ul style="list-style-type: none"> <li>-Energy savings in the property</li> <li>-Possibilities for recycling (f.ex. glycol)</li> <li>- Reductions in CO<sub>2</sub> emissions (carbon footprint)</li> </ul>
	Social/other	<ul style="list-style-type: none"> <li>-End-user satisfaction (air quality)</li> <li>-Feelings of safety for the owner (trust in functionality of the systems)</li> <li>-Service includes both analysis and hands-on fixing of the systems</li> </ul>	<ul style="list-style-type: none"> <li>-End-user satisfaction (air quality)</li> <li>- well-managed cooperation with the service supplier, trust in the provided service</li> </ul>

O4 has long-term investment goals in real estate sector. O4 has a clear corporate level environmental and sustainability agenda on its real estate properties, and the related themes were discussed extensively during the interview. Even though these are areas that are being encouraged to include into the daily business making within the company, they are still not so clearly visible in the purchases that the company does. O4 expected there to be a change, even though it would happen slowly. The respondent conveyed the image of being open for new solutions or innovations enhancing sustainability. O4 mirrors sustainability-related possibilities to the controlled investment risks and profits that reflect back to their customers.

For O4, the most important value of the service is the expert knowledge regarding the operational functionality of the real estate, and the ability to achieve cost savings with relatively small investments. The respondent also stated the feelings of safety to the functionality of the properties and the resulting trust towards the service supplier as important value-bringing characteristics of the service.

M4 conducts technical management on real estates to achieve high efficiency of the properties. Similarly, to O4, the most important value of the service is seen to be in the knowledge the service supplier has. The function of the service is to provide the specific knowledge that M4 is unable to provide from their own field of expertise, thus they outsource certain maintenance functions. Here, the recommendations are imperative; M4 only uses high-quality service suppliers, for also their reputation would suffer if the service they recommend to O4 would prove to be of bad quality.

Regarding trust in the customer relationship with TPI Control, M4 reports having a strong trust on the expertise of the service supplier. Gaining and keeping trust enables mutual recommendations. M4 states that in a way, they have gone through the phase of hearing about the benefits of a service – at least in a larger scale – and they know what they are buying from TPI Control. For potential customers it is important to know about the benefits, and M4 raises case-examples and recommendations as an effective way of telling about them in a concrete way. Potential customers have then the possibility to contact the person giving the recommendation and have another angle on the provided service.

The view on internal real estate systems is always holistic; maintenance should take into consideration the whole entity. M4 always needs to consider whether it is better to conduct partial maintenance and “tweaks” to enhance the operational functionality and reduce malfunctioning, of whether it is wiser to find a completely new solution to the recognized issues. The respondent stated that one issue derives from lack of communication within the real estate; even though the systems would be fully functional, in theory, there can be considerable energy losses and negative influences on the property-users if they are not optimized properly. TPI Control possesses a specified field of expertise, as they are able to recognize the points to be optimized.

Table 11. Perceived value, dyad Epsilon

Dyad	Perceived value	O5
Epsilon	Economic	-Cost savings -Enhanced knowledge regarding the state of the existing systems
	Environmental	-Reduced environmental effects (carbon footprint) -Enhanced operative efficiency of heat transfer systems
	Social/other	-Positive impact on company image as an environmentally conscious firm is important -Property user satisfaction

O5 aims for long-term profitability of investments and conducts the management of the whole process. O5 takes an active stance towards maintenance of its properties, because the decisions have visible effects on the sustainability performance of the real estate and ultimately. The company operates in the field where its customer is very active in promoting sustainability and related innovations, thus improving sustainability is likely to improve the image of the company, as well.

Respondents named that the most important value derives from gaining more knowledge regarding the condition of selected areas of the property. The decisions can then be made after gaining this knowledge; whether it is viable to fix the existing systems or possibly implementing new solutions. O5 considers innovative mindset as an important attribute to their operations, and this is due to public image –related reasons, partly due to user-expectations. O5 also has outsourced the maintenance services of their properties. However, the manager company does not engage in customer relationship with TPI, thus their role is not discussed further here.

### ***5.1.1 Value expectations and correlations with realized value***

Value expectations are examined from three angles: past, present and the future. In most cases, the general expectations were realized. What is worth of a notion regarding the future directions is that even though almost all respondents reported having expectations for TPI Control for the future, they were not able to state any specific way of *how* they communicate their expectations to the service supplier. In short, the most important future expectations for the service from the stakeholder perspective include:

- Changing the company's stance from reactive (fixing existing problems) to proactive (improving service portfolio)
- Providing more customized reporting and hands-on follow-ups on reached results
- Refining the provided service to utilize the existing expertise in the form of consulting services: in assessments of the condition of the properties, holistic view on the system improvements, presenting more innovative options and providing continuous service instead of the current project-model.

The respondents also reported experiencing shortfalls in the communications from the service supplier's side regarding evaluation of the provided service. Breakages in the communication flow can lead to decreases in the experienced value of the service, even though the functionality of the service would have been stable. In many cases, the initial expectations were not considerably high; some reported having poor prior experiences from other suppliers in the field whereas others were engaged in the business relationship with them through the third stakeholder and thus, not having a clear choice of choosing the service provider themselves.

Regarding future expectations, the provided service is often seen to be a rather small entity considering the whole property, not to mention the whole real estate portfolio. Resulting from this, in general the respondents did not come up with any special expectations for the future. The expectations were connected to fixing the existing service, including more monitoring activities after the recommended actions or improving the information flow in all process steps. Some respondents expressed interest in a more holistic service that would be more continuous instead of the current project-style solution.

The correlation between the value expectations with the realized value was generally not high because of the low expectations that the customer stakeholders had to the service provider. The exception is the customers who chose to use the services through past experiences and recommendations; their expectations were generally - and naturally - higher. In terms of owners and managers, the expectations did not vary; there seems to be no significant stakeholder influence on the expectations towards the provided service. In the research, all respondents reported being satisfied with the service and many described the service as a "pleasant surprise". However, now when TPI Control has proved the value of their service, the expectations are higher.

In triad Alpha, one of the most important benefits that O1 saw in the provided service was the ability to remove the recognized problem. Finding a functional solution is very important, and as the respondent stated:

*“--- Overall satisfaction to their ability to find the root cause to the problem and usually, also fixing the problem. When there is a problem, the costs are actually secondary --- on the other hand there is the view of comparing costs and benefits, and then there is the view of simply fixing the problem.” -O1*

Many of the respondents reported that having trust and past experiences with the service supplier is vital in terms of continuing the customer relationship. M1 emphasized the existing trust and smooth co-operation that exists between them and the service provider:

*“It is all about the trust. You simply do not co-operate with someone if things go wrong... --- There has to be a continuum.” -M1*

Table 12. Value expectations and realized value, triad Alpha

Alpha	Expected value	Realized value	Future expectations
<b>O1</b>	<ul style="list-style-type: none"> <li>- System improvements</li> <li>- Enhanced energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>- Finding solutions to existing system problems/failures</li> <li>- Utilization of specialized expertise</li> </ul>	<ul style="list-style-type: none"> <li>- Renewing the service concept to include cooling systems</li> <li>- Holistic consulting services for functional properties</li> <li>- More monitoring and evaluating regarding savings</li> </ul>
<b>M1</b>	<ul style="list-style-type: none"> <li>- Not a lot of expectations regarding service quality, company had previous bad experiences from similar operators in the field</li> </ul>	<ul style="list-style-type: none"> <li>- A trustworthy partner, reliability of the service</li> <li>- Provided value to the property owner</li> <li>- Functionality of the service and communication from the supplier</li> </ul>	<ul style="list-style-type: none"> <li>- More customized service for each property type, improving the flexibility of the service</li> </ul>

In triad Beta the expectations were influenced by the initial formation of the setting. O2 started co-operation with service supplier because of positive earlier experiences, thus M2 did not have the option of initially “choosing” the service provider. However, each real estate is its own entity, and M2 has a recommendatory role in the business relationship. In Beta, both customer stakeholders expressed their desire for more functional communication flow and clarification of the decision-making part of the process.

Table 13. Value expectations and realized value, triad Beta.

Beta	Expected value	Realized value	Future expectations
<b>O2</b>	-Expectations from references and earlier experiences, the service provider filled a certain gap in the customer's property maintenance -Expected high expertise	- The service provider has been able to provide the expected value that was set for their service -Enhancing the energy efficiency of the properties -Stability	- More communication from the service provider regarding progress and achieved savings/other benefits -Getting more straight action-plans based on the suggested measures
<b>M2</b>	-The service provider came to the triadic business relationship through the owner, no special expectations besides for the service that they were commissioned to do	-Clear information/reports of system conditions and possible failures, action plans to fix the problems -Tools to achieve economic benefits and guidelines for maintaining systems -Holistic approach to examining the problem	-Developing the information flow in different steps of the process -Clear process for the future: the decision-making process could be more straight-forward if the preferred service-supplier is already known

The value expectations in triad Gamma were formed from the basis of experiences and references. Both respondent emphasized that the most recognizable value from the service is the achieved cost and energy savings, and that is most commonly the only reason for utilizing their services. O3 saw the future potential in developing the whole real estate management system to give maintenance functions more independency in their work, but at the moment the systems are so fragmented and in the middle of searching their form that O3 saw it to be necessary to be more involved in also maintenance functions of the properties.

Table 14. Value expectations and realized value, triad Gamma

Gamma	Expected value	Realized value	Future expectations
<b>O3</b>	-Expectations through previous experiences, M3 also had experiences -organized evaluation and measurement of the condition of real estates	-Inputs to the long-term real estate management plans -Functional co-operation and communication with M3 -Realized cost savings and measures to prolong the lifecycle of properties	-Providing a more holistic service taking into account the whole property and all contributing features -Finding ways to reduce the fragmentation of the real estate management services
<b>M3</b>	-The service provider was familiar through another company from before, the company had formed the expectations based on those experiences	-cost and possible energy savings -good and clear recommendations -practical maintenance done by the service provider (holistic process) -Enhanced stability of the property	-No specific future expectations, satisfied with the current service

In Delta, O4 stated the most important realized value of the service to be gaining more holistic knowledge about the condition of the internal systems of the property, and deriving contributions to trust and reliability. Knowing that the systems will function better in the long-term after the service provided by the service supplier was seen to be an important feature. Experiences and reference cases had been the most important factor in the formation of the customer relationship, and O4 emphasized the influence of those features. M4 is in align with the view; he saw that successful cases with some other operators are a strong reference when discussing about utilizing new kind of a service. According to M4, the role of references, case references and experience sharing between suppliers and customers is common in the industry.

One future expectation that O4 has is for the service supplier to bring forward different solutions. Because property owners are looking for the long-term benefits, the repair solution could take that into account; even if the solution would be initially more expensive, if the long-term benefits would be outstanding it is worth bringing it to the owner's knowledge. There is a need for a service that would take into account the whole real estate as a unit. Thus, the service provider could operate as a consultant and possibly suggest fixes to the systems that would not be in the centre of their service portfolio but be a great advantage for the operational excellence of the whole property.

Table 15. Value expectations and realized value, triad Delta

Delta	Expected value	Realized value	Future expectations
<b>O4</b>	-Over 10 years of experience of the provided service, utilizing services in certain types of problems in properties -Reliable investigation and evaluation of the systems	-Finding causes to realized problems -Fixing the problems when needed -Reliability and safety; trust that the systems will function better in the long-term	-Bringing forward more innovative solutions, or solutions that would challenge the traditional fixes -Considering also other besides just the economic contributions of the service
<b>M4</b>	-Expectations deriving from experiences with the service supplier	-Reliability of functionality of the heat transfer systems -Proven savings on energy and costs -Less malfunctions means less work for maintenance or technical management on location -Dialogue between the customer and the service supplier	-Improving the communications regarding taking the information to the maintenance team operating on location -Making the reporting more understandable for all participants, or providing customized information for different parties in the relationship

In dyad Epsilon, O5 did not experience any changes between the initial expectation and the realized value of the service. They did not have any major future expectations regarding the service either except for the re-evaluation of the cost-structure of the service and enhancing the follow-up reporting of the achieved benefits of the service after making the suggested fixes to the systems.

Table 16. Value expectations and realized value, dyad Epsilon.

Epsilon	Expected value	Realized value	Future expectations
05	<ul style="list-style-type: none"> <li>- The customer relationship is based on references and decision was made by the predecessor</li> <li>- No expectations from the service supplier</li> </ul>	<ul style="list-style-type: none"> <li>-Clear reporting of the current situation in the properties, clear suggestions for future procedures to fix the situation</li> </ul>	<ul style="list-style-type: none"> <li>-More precise "follow-up" process, reviewing whether the promised cost saving or other benefits are achieved</li> <li>-Bringing down the costs of the service</li> </ul>

### 5.1.2 Service supplier perspective

The service supplier's webpage is aligned with the interview data. According to them, most important value elements according to the webpage are

- Identifying and acting on recognized possibilities in operational environment
- Motivation and commitment from both the owners and personnel for continuous development and innovation,
- Clarity of the business vision and a company strategy in accordance with it, and
- Financial stability and partner network.

Table 17. Service supplier perspective on sustainability/responsibility.

Perceived value of the service, service supplier		
Economic value	Environmental value	Social/other value
<ul style="list-style-type: none"> <li>-Reducing energy costs</li> <li>-Enabling better return on investments for the owner stakeholders</li> <li>-Savings resulting from lessening the need for property maintenance</li> </ul>	<ul style="list-style-type: none"> <li>- Providing an ecological solution through enhancing knowledge regarding energy consumption</li> <li>- Less malfunctioning and maintenance</li> <li>-Optimization of heat transfer systems' lifecycle and enhancing predictability of their functioning</li> </ul>	<ul style="list-style-type: none"> <li>- Improving the well-being (health and user-phase comfort) of the end-user and providing customers with high-quality service</li> <li>- Improved air quality on site</li> <li>- Producing information for quality management</li> <li>- Improving safety through highly-functional operations</li> <li>-Enhanced reliability of the systems through expert services</li> </ul>

From the service supplier's point of view, the most important feature of the service is the provided expert-level knowledge aimed to enhance the energy-efficiency (by examining the condition and challenges) of the real estates. Providing solutions proving the promised cost benefits that can be accurately measured from each property individually often are the concrete demonstration of the value.

The service supplier does not emphasize the environmental or social/other benefits when bringing out the most important benefits of the service. They recognize the value of the service in the larger scheme of sustainability, and the social/other value it might bring to the property users. However, the service supplier considers the economic value as the most fruitful in the value communications. In their experience, the value [that the service supplier communicates] of the service is rather tangible, but the challenge is to enter the market and retain the customers.

*"We can achieve less malfunctioning in heat transfer systems, enhanced energy efficiency --- enhance the service processes and data operations. The problem in entering [the markets] is the prevailing tradition within --- The benefits of the service are very concrete." – Service supplier*

The challenge derives from the seemingly fragmented decision-making structure regarding internal system solutions in real estates. Owners, who are mainly responsible for making the decisions, are not always actively involved with decision-making, but rather look for reinforcement from managers. Still, managers, who can be more or less active in service supplier selection, cannot make major decisions about co-operations without the owner.

**Value for owners:** Considering the type of value that the service supplier provides to the real estate owners the respondents stated first the economic benefits – this is, if the purpose of the owner is to make profits with the real estate portfolio. The service supplier divides the owner stakeholders into three categories based on their real estate goals, (1) Long-term investment goals, (2) Aiming for profits from using the property (rental profits), and (3) Maintaining the real estate value.

The owner stakeholders included in the research fall mainly to the first category (02, 03, and 04), while one can be considered to be aiming for maintaining the real estate value (01), and one to consider the users as the primary beneficiaries of the real estates (05). Even though the service supplier has recognized differences in owner stakeholders' motivations regarding their real estate portfolios, the value proposition is yet to be customized to address these differences.

**Value for managers:** The service supplier considered the benefits for the managers to be in the hands-on benefits of reducing malfunctioning of the systems and providing tools to improve the controlling processes of the real estate. This results in decreasing the need for extra work related to maintaining the real estate's internal system solutions. In addition, by being able to optimize the real estate's functioning, the managers are able to meet the requirements set by the owners.

### ***5.1.3 Reflections on public stance on sustainability***

The following tables illustrate the case companies' take on sustainability collected from secondary data, such as company webpages, annual reports and CSR reports, official guidelines and codes of conduct. The reason for including an outlook on the corporate level sustainability agendas of the case companies is to explore possible correlations or implications between the corporate view and the perceived value of the service reported by the stakeholder respondents.

In general, interview data reflects the companies' stance on sustainability rather accurately. Respondents that reported lower engagement on sustainability compared to others – in interviews, respondents were asked about environmental and social/other expectations or benefits of a service – worked in companies that had limited availability of public sustainability reporting. Findings are presented triad-by-triad.

Table 18. CSR, Alpha

Triad	Area of CSR	O1	M1
Alpha	Economic responsibility	-Efficient and productive use of property while maintaining its value -Control over operating costs -Improving adaptability	-Committed to sustainable economic development in business making
	Environmental responsibility	-Commitment to energy savings and emission reduction, climate change prevention -Emphasis on effective maintenance of the existing premises instead of building new ones	-Developing energy-efficiency by monitoring and maintenance -Lifecycle management on properties -Reducing the carbon footprint
	Social/other responsibility	-Responsibility for employees and transparency in business -Requirements for service providers to engage with sustainability -Provides a healthy and safe working environment for property users -Maintenance of built cultural environment	-Responsibility for employees -Intolerance towards bribery and corruption -Increasing the knowledge of environmental responsibility within stakeholder groups -Commitment to EU's ISO 14001 standards

O1 has a clear responsibility agenda and reporting of its goals. It states clearly on its websites that the focus on corporate responsibility strategy is on achieving higher energy efficiency and finding solutions to maintain the existing properties rather than building new ones. Consideration in social and other responsibility regards the end-users of the properties in alliance with protecting the cultural heritage of the properties. Interview data supported this view; O1 takes an active stance towards sustainability.

M1 is committed to sustainable economic development and promoting responsible business practices. Social responsibility is primarily connected to the company's employees, but the company also recognizes fighting bribery and corruption as important factors of its CSR. M1 is engaged in environmental programs increasing the knowledge on environmental responsibility. The company focuses on reducing the environmental effects of the properties during in construction and during the real estate lifecycle. Interview data partially support the view; M1 recognizes the importance of implementing sustainable solutions, but in the end, "money talks".

Table 19. CSR, triad Beta

Triad	Area of CSR	O2	M2
Beta	Economic responsibility	-No information on economic responsibility	-Achieving appropriate use of properties by following efficiency measurements
	Environmental responsibility	-No information on environmental responsibility	- Following regulations on energy efficiency and monitoring -Considerations on carbon footprint, used material efficiency and recycling aspects
	Social/other responsibility	-No information on social/other responsibility	-Responsibility for property users

O2 does not take a stance on sustainability or corporate responsibility on its websites. Lack of information might be explained because the company is rather new, and the internal structure is still going through some changes. However, interview data is in accordance with the perception obtained from the secondary data. O2 is not closely engaged in enhancing sustainable solutions, even though they state being “sustainable investors”.

M2 emphasizes energy efficiency and environmental aspects as a part of good maintenance management. The company considers user aspects and energy/material efficiency as starting points for sustainable solutions in property management. Interview data is in accordance with the stance. It is noticeable, that even though the interviewees held sustainability as an important factor, they considered economic benefits to be overruling environmental benefits in most situations.

Table 20. CSR, triad Gamma

Triad	Area of CSR	O3	M3
Gamma	Economic responsibility	-Responsibility for gaining long-term investment return	-Pro-active and cost effective operations to ensure maximum financial profits for investors -Preserving the property value
	Environmental responsibility	-Consideration on environment and climate change in investments	-No information/clear stance on environmental responsibility
	Social/other responsibility	-Consideration on social change in investments - Following UN's Principles of Responsible Investment (UNPRI)	-Providing high-quality conditions to ensure high user satisfaction

O3 states that the primary responsibility is on gaining excellent long-term return for its investors by operating in a sustainable manner. It does not conclude a full sustainability or corporate responsibility reporting. However, in their annual report, the company states that it considers the state of the environment along with the climate change and social change factors as well as the companies' governance factors as parts contributing to the success of their investments. Interview data supports the view; O3 takes an active stance in terms of enhancing sustainability through their real estate investments.

M3 does not explicitly present any sustainability or responsibility agenda on their websites nor in its annual reports. They state their responsibility to be to offer the investors the best possible financial profit by the means of operational real estate management, ensuring the property user satisfaction and secure the operational flow in maintenance of the properties.

Only mentioning of responsibility can be found in the corporate values of the rooftop organization, but this value is not explained there in any explicit way. Interview data supports the view; M3 did not see much importance in sustainability or sustainable solutions.

Table 21. CSR, triad Delta

Triad	Area of CSR	O4	M4
Delta	Economic responsibility	-Cost-effective use of funds -Responsibility in investments	- Achieving good profits for the invested capital -Solid risk management -Ensuring future growth potential
	Environmental responsibility	-Efforts on climate change mitigation - Aim to influence GHG emissions by saving energy (energy efficiency) -Reducing the carbon footprint of operations	-Life cycle analysis and prolonging the lifetime of properties -Promoting the use of renewable energy sources -Energy efficiency (in planning and maintenance) -Minimizing water consumption -Improved waste management -Reducing GHG emissions
	Social/other responsibility	-Responsibility for employees -Ethical and transparent business	-Aim for high-quality services for property users, safety and efficiency angles -Intolerance towards bribery, corruption, and the grey economy

O4 concludes a full CSR report on its webpages. The company has a CSR program and climate policy of its own detailing the efforts to achieve lower-carbon portfolio. The main goal is to succeed in responsible and secure investment strategies and cost-effectiveness in the use of available funds. Interview data supports the findings. Data depicts that O4 is clearly engaged in enhancing the implementation of sustainable solutions into the real estate portfolio. O4 also referred to the corporate level sustainability agenda, even though the respondent recognized that the shift towards more sustainable organization takes time.

M4 conducts sustainability reporting of its business practices. The most important aspects in terms of corporate sustainability are aim to reduce environmental effects, ensure high quality of provided services and responsible business making. M4 aims to provide high-quality services for property users by taking into account the environmental friendliness and high-level functioning of its properties.

The economical responsibility highlights achieving good profits for the invested capital, solid risk management and ensuring future growth potential. Interview data supports the view; sustainability and environmental considerations are an important aspect of M4's view on property maintenance.

Table 22. CSR, dyad Epsilon

Dyad	Area of CSR	O5
Epsilon	Economic responsibility	-Long-term profitability and economic benefits for stakeholders
	Environmental responsibility	-Developing energy-efficiency -Lifecycle management on properties
	Social/other responsibility	-Maintenance of built cultural environment -Ethical business and fighting the grey economy -Focus on property users (safety, healthiness, well-being and development)

O5 conducts CSR reporting forming of economic, ecological and social responsibility. The company aims to long-term profitability and gaining economic benefits for its stakeholders, and it states using lifecycle analysis as the basis for considering implementing new technologies for the properties. Interview data supports the public stance on sustainability; O5 reported taking an active stance on sustainability for both environmental and reputational reasons.

### 5.1.4 Stakeholder-dependent differences in perceived value

What is noticeable in general regarding the findings is that economic benefits, especially in terms of cost savings, were found important in both owner and manager stakeholders. The result is reasonable, since the owner stakeholders are financially responsible for the whole business relationship, and the managers operate under their authority. In regards of other types of perceived value, environmental benefits were more emphasized by the owners compared to the managers. Similarly, the managers seemed to hold special importance on the property users' perceived benefits, i.e. social/other benefits of the service, whereas the owners did not highlight this perspective over other benefits as much. The following figure illustrates the stance each stakeholder has towards environmental and social/other benefits from the point of view of their importance in the service acquisition.

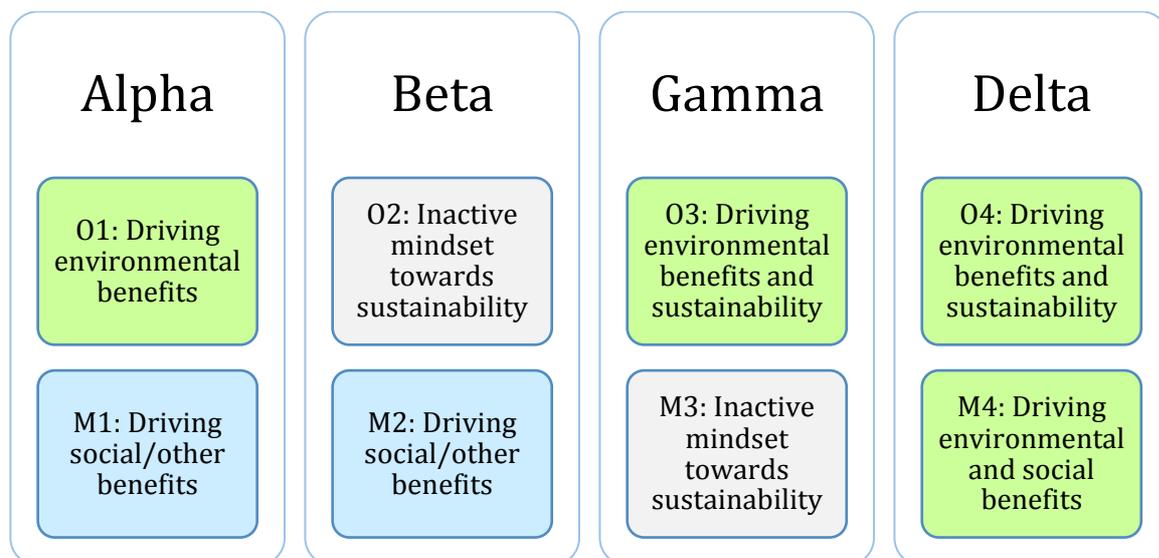


Figure 6. Stakeholder-dependent differences in perceived value.

In terms of economic benefits, both stakeholder groups reported experiencing similar imperative benefits. All respondents mentioned cost savings and improved energy efficiency as their main priority in using the provided service. From the savings perspective, majority of the owners mentioned prolonging the lifecycle of the systems as an important benefit together with enhanced knowledge on the operational functioning of the systems.

In many of the interviews with the owner stakeholders, the respondents pondered on how they compare the economic and environmental benefits of the service when making the purchase decision. Many reported that the issues derive from difficulties in measuring the environmental benefits, which makes it easier to justify the purchase decisions with the clearer economic indicators. From the owner perspective, the most important question in terms of purchase decision is the question of achieving overall economic advantage. This means the required investments and achieved savings depending on the project, and other factors add to that basis. As O1 stated, *"In the other end there is always the question of money, and in the other, what one gets with it"*.

However, there seems to exist situational variations when it comes to evaluating economic benefits; if there is a specific problem within the systems that the service is known to fix, the price of the service may become secondary. In these cases, the economic benefits derive from the improved operational efficiency rather than initial investments.

In both owner stakeholder and manager stakeholder perspective the rate of return was proven an important indicator. On the manager side, the cost and energy savings (with the economic agenda) were far more imperative than environmental or social benefits. The manager respondents reported that the owner provided them with financial frame, and within that, they felt comfortable with operating using their own authority regarding purchases. In these more incremental system transitions, the economic perspective becomes very imperative. As M1 states,

*"A costly eco-solution against this, cheaper one, which is not --- an environmental disaster, means that one is wrestling in the middle of these two somewhere, because money talks and usually there is a certain frame for operating --- and then one just needs to resolve what can be done with the money." -M1*

When assessing environmental and social/other benefits of the provided service the challenge is often that indicators for other than economic benefits are not as clear or commonly recognized. Finding numeric indicators for other types of value is demanding, and for environmental benefits, the frame of measurement in the case companies is often evaluating the cost savings from achieving the environmental goals.

As owner stakeholders valued environmental benefits higher compared to manager stakeholders, they had implemented some measurement systems on evaluating the benefits; some mentioned calculating carbon tons and others evaluate carbon footprint. Managers, on the contrary, saw little importance on environmental aspects, apart from one company (M4) that has a clear corporate agenda for technical engineering aiming to promote sustainable development.

In terms of social benefits, especially in the owner stakeholders' side, the influence on company image is – in some cases – considered important when it comes to evaluating the benefits of the service. In some of the cases the respondents made the reference to CSR reporting and the importance of calculating the carbon footprint or CO<sub>2</sub> emissions. Similarly, one of the companies stated having a forerunner status in the business field, meaning that environmental consciousness is vastly expected from the company.

Social/other benefits were discussed more comprehensively during the interviews with the manager stakeholders. Their consideration for the end-user satisfaction clearly surpassed environmental concerns. Also technical issues such as enhanced system functioning was reflected from the angle of the property users, as reliable systems with less malfunctioning guarantee stability and safe conditions for the users.

## **5.2 Impact of triadic business relationships on sustainable value propositions**

This sub-chapter presents the key findings related to the second research question RQ2: **“How do other stakeholders in a triadic business relationship affect the purchase decision and sustainable value propositions?”**

The final say in decision-making in all triads is on the owner stakeholder, and the manager has the role of recommendation-provider. The references are accepted from the managers because of two main reasons. Firstly, the owners reported that since the managers are often the first-hand users of the service in the field or at least monitor the practical work on the field, they should also agree with the practicality of the service in use. Secondly, the managers are aware of the needs and requirements of the real estate functionality, thus they should be qualified for recommending the needed services for the owners.

The level of commitment from the owner's side towards the operational real estate maintenance varies. In addition, some of the managers experienced having a more visible role in decision-making than others. In Gamma, O3 shows indications of pushing more responsibility towards the M3 in the decision-making process in the future. However, M3 does not take an active stance towards decision-making. The following figure depicts the general involvement and attitude the stakeholders hold towards the decision-making.

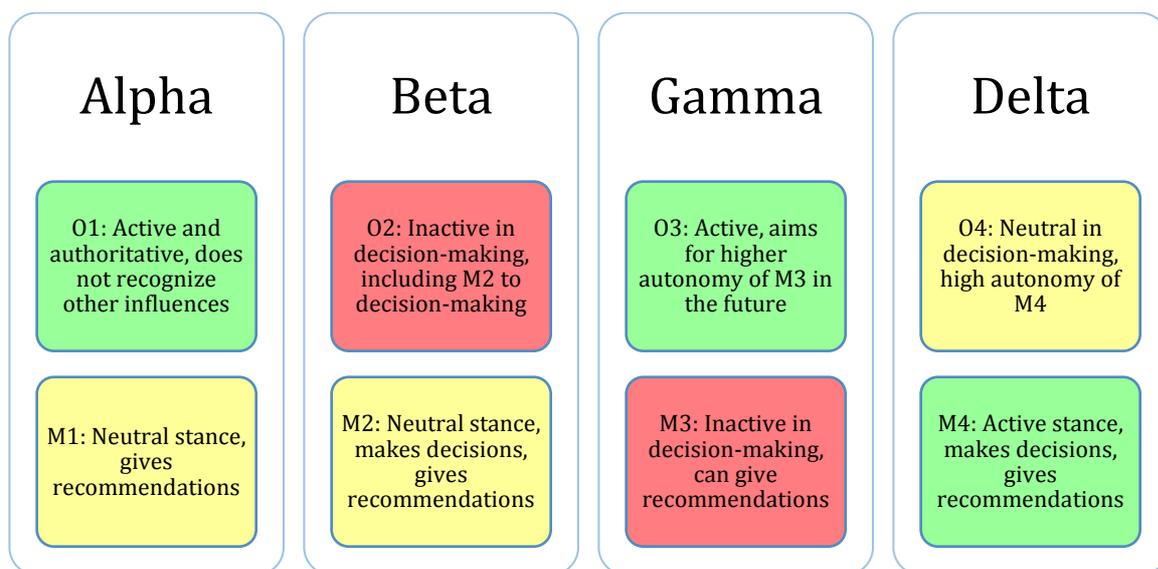


Figure 7. Stakeholder involvement in decision-making process

**Alpha:** O1 does not recognize any strong role or influence from the technical maintenance side of the triadic business relationships, but it rather sees that M1 will operate in a way that O1 considers applicable. Regarding the influence of the technical manager in applied real estate services, O1 stated that M1 could have more saying, but they do not see their expertise rising to a high enough level to utilize them in the decision-making processes of purchasing new services or solving a problem within the heat transfer [or other property-related] issue. In addition, O1 did not recognize that M1 having any important role in early phases of purchasing services or even fixing recognized problems, if they were too complex (they would rather turn to the service provider for expertise).

M1, on the other hand, experienced having a strong influence as the provider of recommendations to the owner, but the respondent did conclude that the ultimate decision is done in the O1's end. The technical management in the properties functions in a way that the managers receive a certain frame for operating, and any measure that is considered too major will go through O1. In general, this is the common procedure in all four triads that were examined in the research.

**Beta:** O2 does not engage in the decision-making process extensively, thus M2 is more drawn to take a neutral stance towards the process as well. As a result, both stakeholders have an inactive stance towards decision-making. Even though M2 recognizes their role in giving recommendations, they do not consider it imperative in terms of the resulting purchase. O2, on the other hand, puts a great influence on M2's role in decision-making. O2 considered the main responsibility of M2 to be taking care of the technical maintenance on location. O2 saw M2 as an information-giver; they can provide O2 with a set of information regarding properties or the preferred services for the properties, and the O2 will make an informed decision about the solution. O2 values the knowledge M2 has on the properties, and does not see importance in engaging in decision-making process extensively.

The view M2 has on the decision-making process, reflected the O2's view. M2 saw their contribution to be the recommendatory function in the decision-process; they recognize the problem, collect a couple of options (usually by different service providers) and present the options to the O2 for the decision:

*"We usually give them three – or X amount of suggestions of the solutions that we could implement and then we discuss and conclude our recommendation --- if the issue to be fixed is simple enough we can make a research which is the best option and only give them one recommendation." – M2*

The discussions are mainly face-to-face, so the managers can be sure to address the owner in the right way; they need to be sure whether the owner is looking for the most affordable offer or are they keener to look for a different solution. M2 emphasized that the O2 communicates their long-term goals to the technical management, and the respondent saw the possibility to highlight the sustainable features of an offering:

*"[The property owners] look at their investment in the long-term, and if there is a possibility for a more ecological solution providing savings only in the long-term, we could recommend the option for them. They do not necessarily only think about savings in the next three years --- especially ecological and environmental views can be a matter to consider for them." –M2*

**Gamma:** O3 implies that increasing the independency of M3 in decision-making would allow O3 to focus on the "bigger picture". The respondent stated that smaller entities within the real estate maintenance, such as heat transfer solutions, could be evaluated pretty well by the technical manager on location, who has practical knowledge regarding the state of the property.

The selected services are chosen usually by following a pattern where M3 makes the recommendations and O3 makes the final decision based on these recommendations. The procedure can be on the level of selecting the service provider, or then choosing from the action recommendations provided by a single service provider. O3 clearly brought out the future vision of exporting responsibility regarding properties to each property's manager. The respondent recognized as one of the most important challenges to figure in the future the fragmentation of the management systems or individual properties. In their real estates, the owner relies the leading of maintenance to a technical manager.

O3 brings out the prevailing complexity within the field: managers can outsource the service maintenance to another company, and the expert services [that TPI Control represents] is yet another stakeholder to the picture. Moreover, the necessary challenger role that TPI Control needs to take, is partially working against the common practise in the maintenance, and it can result in a partially fragmented view of the real estate's condition. Regarding larger issues, O3 wants to be included, but since the real estate portfolio is so vast, the more autonomous the real estate property managers could be the better.

M3 saw their responsibility to be presenting O3 with suitable options to enhance the efficiency of their property portfolio. Manager recognized their role as the supporter and recommendation-giver in the decision-making when choosing a service supplier, even though M3 saw their primary mission to be executing the decisions on the field. However, the respondent did not see many other benefits from the heat transfer solutions besides the economic benefits.

**Delta:** According to O4, the role of M4 is important in the decision-making as they bring out the issue in the property and suggest what kind of measures should be taken. M4 is, according to O4, well capable of handling the maintenance by utilizing their own expertise, but in more specific issues they will search out for an external service supplier. Then, owners will place a lot of emphasis on their recommendations. O4 also saw that if the experiences with the service supplier would be negative, M4 would probably be less inclined to recommend the service again.

O4 stated, that the ability to show “success stories” of well-managed system renovations and fixes is the best reference for any service provider:

*“Real estate business in Finland is a small business and people know each other, so if one has good references they are easy to check out. Of course it works also the other way around, if people have bad experiences you will surely hear about them --- the small market is also a challenge, if something goes wrong many people will know about it. On the other hand --- I appreciate it, and my colleagues do as well that if someone can tell that they were provided a good service, one will gladly give them a try.”*

M4 considered O4 not too active in terms of defining the measures that should be taken in optimizing the functionality of the real estates. The role was more imperative only in larger purchases that affected the property’s yearly budget. Rather, it is evident that the existing trust in the M4’s expertise has influenced O4 to take a more passive role regarding decisions related to property maintenance. O4 states that they have outsourced the property maintenance to M4, thus they hold the responsibility that everything functions and is optimized.

In terms of co-operation with TPI Control, O4 sees important that the service supplier maintains good communications with M4 and includes considerations towards O4 to keep them informed about the situation as well. If O4 needs to make a decision regarding a larger purchase, they need to be aware of their service supplier options to make an informed decision. However, all alternatives go first through M4, since they have the authorization to maintain the properties.

### 5.3 Communicating sustainable value propositions

This sub-chapter presents the key findings related to the third research question RQ3: **“How to communicate sustainable value propositions emphasizing environmental and/or social aspects to different stakeholders?”**

The figure below illustrates the general guideline resulting from the research.

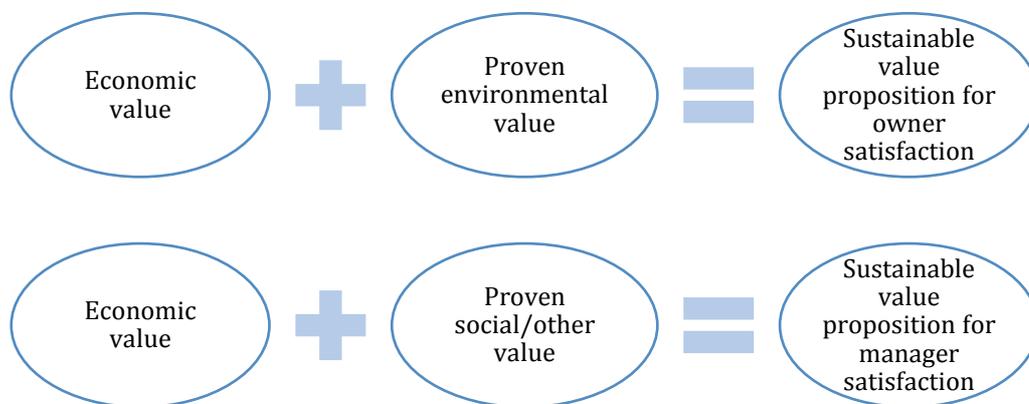


Figure 8. Communicating sustainable value propositions for different stakeholders.

The results clearly indicate the importance of communicating economic value of the service because of two main reasons. Firstly, owner stakeholders included in the study aim for profits deriving from the real estates, most either from long-term investment goals or from the viewpoint of prolonging the lifecycle of the real estate, and secondly, the economic benefits value is clear and easy to measure.

In communicating other dimensions of sustainable value, the respondents point out that the value is not so easily proved. Therefore, it can be overruled by emphasizing economic value if not included in the value proposition in a way that resonates with the stakeholder view of the most important value elements of the service. Based on the empirical findings, owner stakeholders are more responsive to address environmental value of the service, while manager stakeholders hold social/other benefits more important. This is, however, only if the service supplier is able to *prove* the non-economic benefits for the stakeholders.

Overall, the service supplier needs to customize the value proposition to address each stakeholder individually in the triadic business relationship. The importance of emphasizing the right attributes of the service is imperative to make the customers see the sustainable value of the service. Triadic business relationship also includes the aspect of owner stakeholders and manager stakeholder connection; they communicate probably more on a daily basis than the service supplier does. Thus, the role of recommendations and experience sharing is very important. Manager stakeholders are likely to participate in the decision-making process, and if they do not consider the service supplier a viable option for the service acquisition, they are less likely to be picked solely by the owner stakeholder. Managers have perhaps the closest link to the property owner, property users and the service providers. This makes them central stakeholders when planning how to gain new customer relationships as well as how to propose new solutions to existing customer relationships.

Sustainable value propositions brings out the most important value elements in terms of perceived value of the service. It also influences the purchase decision and it need to be customized according to the stakeholder in triadic business relationship. Figure 9 depicts the upgraded framework of the study with central stakeholders, recognized external impacts on perceived value together with the customized value proposition existing between the stakeholders.

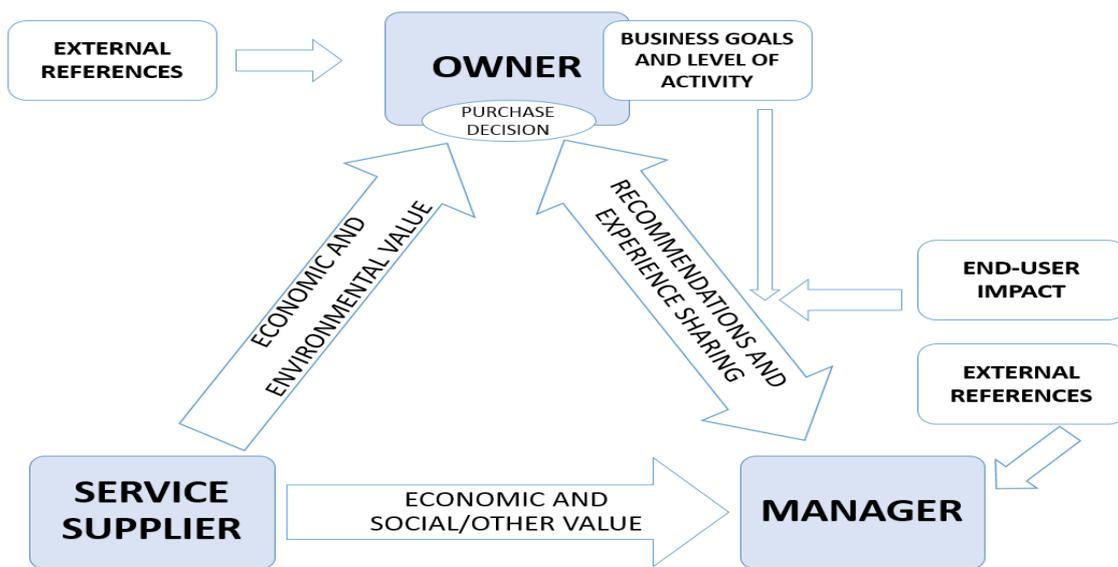


Figure 9. Improved framework picture of the triadic business relationship.

## 6 DISCUSSION AND CONCLUSIONS

This final chapter presents a summary of the central results and evaluates them in accordance with the research purpose and the research questions. It mirrors the novelty and similarity of the findings in comparison to prior research. The chapter also views the contributions of the research from both theoretical and practical perspectives. Finally, it provides the reader with reflections of the limitations of the study together with the recognized possibilities for future research.

### 6.1 Communicating sustainable value in triadic business relationships

This study is an examination of triadic business relationships in the context of property maintenance services. The purpose of the research was to explore **“How to communicate sustainable value propositions for different stakeholders in triadic business relationships?”** and this was examined through three research questions.

*RQ1: How do the perceived value elements differ depending on the stakeholder in the triadic business relationship?*

The results indicate clear differences in the sustainable value proposition depending on the stakeholder status within the triadic business relationship. Whereas economic benefits were imperative for both stakeholder groups in terms of perceived value of the service, the results indicate that owner stakeholders tend to have more interest towards environmental benefits of the service compared to social/other benefits. Managers, on the other hand, value social/other benefits over environmental benefits. Therefore;

1. Owner stakeholders emphasize economic and environmental benefits of the service
2. Manager stakeholders emphasize economic and social/other benefits of the service.

Third stakeholder in triadic business relationship is the service supplier. Their perspective has long been in emphasizing the economic value of the service, as the customers have been the most responsive towards that. Service supplier recognizes environmental and social/other types of value in the offering. However, because of experienced customer expectations, they have not included them proactively in the value proposition. Thus;

3. The service supplier emphasizes economic value of the service, and recognizes value potential in communicating environmental and social/other value.

*RQ2: How do other stakeholders in a triadic business relationship affect the purchase decision and sustainable value propositions?*

### **Impacts on decision-making**

Altering business orientations, motivations and backgrounds of the stakeholders have an impact on decision-making in triadic business relationships. In the scope of this study, the owners are often looking at the “bigger picture”, denoting that they are not close to the everyday operations on the properties. Holding a lot of the practical information regarding each property, **technical managers tend to have authority deriving from knowledge and expertise**. Technical managers are also connected; in addition to the stakeholders in the triadic business relationship, they are closer to other stakeholders such as the end-user of the property, and other external service suppliers or maintenance groups. Thus, when given an opportunity, they are likely to acquire the mediator role within the triad, contributing to their expertise even further.

In this study, the owners remain as central stakeholders within the triadic business relationships. It is logical as **owners hold the ultimate financial responsibility of the property**. Even though the owner stakeholder is in a decisive role in the triadic business relationship, the role of the stakeholder in the non-decisive role in purchase decisions proved important. In most cases, owner gives the manager the authority for making purchases within a predefined operational frame. In larger purchases, the managers may take the role of giving references for owners.

However, in the business relationship, some **owners are inclined towards taking a more inactive role and giving more authority to the managers**. If the manager participates actively in the decision-making process, offers accurate expertise to the owner and thus creates mutual trust, the mediator role of the owner can eventually become more moderate. The results are in line with the research by Nätti et al. (2014); in their study regarding intermediators within triadic business relationship, the activity of the service user [manager] seemed to affect the stance that the property executives [owners] acquired – and the more the service users participated and were knowledgeable about the required service, the more passive the executives became.

Furthermore, it seems that especially **in situations where the owner is less active, the technical manager can also manage the owner's expectations regarding property maintenance**. Technical managers can have a great influence in determining the services that the property will end up utilizing, taken that the owner is willing to give authority to the managers (reference Delta). However, **if the owner takes a passive stance towards decision-making and sustainability, the manager can also become more passive** (reference Beta). Consequently, **if the owner remains more active, the manager becomes less influential in decision-making** (reference Alpha).

### **Impacts on sustainable value propositions**

Regarding larger purchases, the owners reported trusting the managers' viewpoint in the service supplier selection. In fact, the purchase decision is often made based on recommendations, case references, and previous positive experiences, all contributing to the development of mutual trust between all stakeholders. Thus, much of the impact of the triadic business relationship on the communication of sustainable value proposition realizes in the social interactions between the owner and the manager.

The results indicate that **the intensity and functionality of communication between the owners and the managers can have a significant influence in the sustainable value proposition** within triadic business relationships. The next paragraphs discuss the triads individually to bring out their specific features regarding social interactions.

**Alpha:** O1 takes an active and authoritative stance towards decision-making and does not include M1 in major ways to the process. This can result in miscommunication between O1, M1 and TPI Control, because M1 is not fully aware of the O1 expectations. Similarly, O1 can have a unilateral view on the property requirements because of lack of information from the field.

**Beta:** O2 and M2 both reported lack of communication in the business relationship. O2 is less active in decision-making, thus M2 holds the potential of being more influential. Yet, M2 sees little prospective in enhancing environmental sustainability. Based on the interviews seems that O2 holds certain expectations towards M2 regarding decision-making, but M2 is not fully aware of the potential that they hold. O2 sees M2 as an important factor in their decision-making when purchasing new system solutions, but M2 takes a neutral stance in their recommendations. It is possible that M2 is not fully aware of O1 expectations and plans regarding their real estate portfolio. The setting poses a challenge to the service supplier, because the decision-making process is not clearly structured.

**Gamma:** O3 states clearly the hope for more autonomous real estate maintenance in the future. At the same time, however, they express concerns regarding lack of knowledge in terms of sustainability from the M3's end. The future expectations are affected by this uncertainty, since sustainability is a central dimension in their corporate agenda and real estate portfolio. In their end, M3 holds economic value of service offerings as the imperative decision-affecting feature. The service supplier is challenged by mixed value expectations; the value of their offering can be miscommunicated in the M3's recommendation if they only convey the economic value of the service, and the owner aims to achieve also environmental value from the offering.

**Delta:** O4 takes a more neutral stance in decision-making and includes M4 in the decision-making regarding larger purchases. An interesting feature regarding the triad is that both owner and manager have an active stance towards sustainability, emphasizing the environmental dimension. O4 and M4 have a similar aim for achieving environmental (and social/other) value from a service offering.

The stakeholders have established mutual trust in their business relationship, thus M4 a larger frame to operate independently. M4 is well aware of the expectations that O4 holds for M4 in their services. The setting enables TPI Control to establish strong relationship with M4 and to become the preferred service supplier within their field. In addition, O4's activity regarding their environmental agenda makes them more open towards a value proposition emphasizing environmental value.

*RQ3: How to communicate environmental and social aspects of sustainable value propositions to different stakeholders?*

**Bring out economic value:** In general, as the perceived value of the service highlights the experienced economic value in terms of achieved cost benefits together with operational value resulting from enhanced efficiency and functionality of the systems, the aspects should remain central when communicating sustainable value propositions for stakeholders. As depicted in RQ1, of the dimensions of sustainability, economic value remains the easiest to quantify measure and prove. Thus, it is reasonable that those attributes are comfortable for the customers to rely on. However, economic value does not exclude other types of value from the proposition. Sustainable value proposition can be established and strengthened by including environmental and social value while considering the customer preferences.

**Address stakeholders individually:** As rationalized in RQ1, there are differences in perceived value of the service depending on the stakeholder. It is essential to be able to customize the value proposition in a way that the communicated value matches the stakeholder-dependent value elements and expectations. Targeting the sustainable value proposition is essential. **For owners, it is better to emphasize environmental value together with the established economic value of the service.** It is important to consider that the potential environmental value should be aligned with obtaining economic value, or it should be clearly measurable on some well-established indicator. **For managers, communicating established economic value aligned with social/other value forms the best platform** for a sustainable value proposition.

However, the managers should be aware of the environmental value of the service as well, for they also communicate the value of the service to the owner stakeholders in their recommendations. Managers are more responsive towards social/other value, as they are closely engaged with the end-users of the properties.

**Consider the whole triad:** The activity of one stakeholder in triadic business relationship affects other stakeholders. In those triads, where the owner was more active and knowledgeable in communicating the sustainable value expectations and active and authoritative in decision-making process, the manager was inclined to take a more passive role (Alpha, Beta and Gamma) and communicate mainly through the expected economic value of the service. However, in the one case where the manager was active in its own value communication (sustainable value communication is set very high also on the corporate level) the owner seemed to obtain more passive role (Delta). In addition, there were implications in another case that the owners might look for this setting knowingly (Gamma).

## 6.2 Theoretical contributions

The introductory chapter presented the gaps in academia that are relevant to this research. The central research gap concerns communication of sustainable value propositions in triadic business relationships. This research provides insight regarding how to communicate sustainable value propositions to different stakeholders in triads. This entails considerations of

1. How to communicate sustainable value in a setting accustomed to mediate through economic benefits,
2. How to compose a sustainable value proposition targeted individually to each stakeholder in triadic setting, and
3. How does the triadic setting influence the formation and communication of sustainable value proposition?

Regarding communicating sustainable value propositions, there is an existing need both in academia and in business to formulate specific promotion and exchange practices in terms of sustainability marketing (Finch et al. 2017, 89). This research addresses the gap by providing implications how to bring out the sustainable value of a service in triadic business relationships in markets that are accustomed to communicate value mainly through economic benefits. The research by Patala et al (2016, 151) suggest that integrating environmental and social, or other types of intangible benefits to the economic value can act as a mean of demonstrating the lifecycle value of an offering. The study contributes to the view by specifying how to build the sustainable value proposition for different stakeholders by taking into account the key value mechanisms and potential impact of the offering. Furthermore, the results imply that building the sustainability marketing to target different stakeholders individually could improve the provided sustainable value proposition.

This study also contributes to the gap in academia concerning communicating sustainable value in a triadic setting. Prior research concludes that triadic relationship structure can offer different benefits compared to other network structures, but the influence on communicating value is vastly unexplored (see for example Nätti et al. 2014, and Vedel 2016). Building from the stakeholder perspective, the research shows the explicit differences in the perceived value depending on the position within the triad. The findings show that even though the service stays fundamentally the same, the included stakeholders appreciate different value elements of an offering. The value proposition needs to address these differences.

Then, considering the triad as a whole, the research provides insight regarding the social dynamics within triads and their contribution to the value proposition. This study provides new understanding to triadic decision-making mechanisms. Prior research on the topic does not examine these “non-rational’ or informal mechanisms of coordination”, even though they are essential in their nature to comprehend in order to understand the triad (Siltaloppi & Vargo 2017, 13).

The results indicate that the decision-making can be fragmented even though the relationship statuses would appear clear. Lack of communication, variations in business motives (involvement and activity), and overlapping responsibilities between any of the stakeholders can weaken the triadic business relationship and distort the stakeholder-dependent perceived value.

Prior research regarding triads categorizes them according to the stakeholder position and existing relationship ties (see Siltaloppi & Vargo 2017). However, existing research does not cover situations where the social dynamics would change within the triad. The findings of the present study suggest that the status might not remain static in the course of time, and furthermore, the stakeholder holding the (financial) power might not be keen to maintain it. This view of changing power dynamics within a business relationship provides a new angle on the common understanding of one stakeholder looking to benefit from others and contradicting their power in the relationship (see Siltaloppi & Vargo 2017, 14)

### **6.3 Practical implications**

The challenge in drawing practical implications based on a qualitative case study lies in the generalizability of the results outside of the scope of the research. All the triads include different attributes and combinations of owner and manager activity in decision-making, propensity on attaining influence, business goals and their impact on sustainability agenda etc. Thus, practitioners can draw only moderate generalizations of the results. However, there are some implications that were realized throughout the sample. The research provides three main implications for business.

**Targeting the sustainable value proposition:** In triadic business relationships, the service supplier needs to address stakeholders by emphasizing and combining different value attributes of the service. Owner stakeholders can be more responsive to environmental value combined to economic value, whereas manager stakeholders to social/other value with economic value. However, the value proposition should be built in context; existing customers might need less convincing regarding the benefits of the service compared to new customer acquisition. The existing customers appreciate primarily trust, and expectations exceeding service experiences.

**Improving inclusive communication:** Knowing the customer preferences helps to improve dialogue and communication flow between different stakeholders. Improving the information flow itself can contribute to the value proposition. Many of the respondents stated, that improving the communication during and after the project, in monitoring and evaluating phases, would contribute to refining the provided service. Being active in communicating the expected and especially achieved benefits of the service in a stakeholder-specific way, the service provider can improve the value proposition.

In value communication, it is important to consider all stakeholders within the triad, because the information flow exists also between the owner and the manager. It is important for the service supplier to be aware of the extent of this dialogue. Facilitating structured communications between all three stakeholders and ensuring well-established information-flow will contribute positively to the value proposition. Including avenues for giving feedback promotes openness in the business relationship and helps the service supplier sustain its position by making constant improvements into the offering.

**Gaining influence from the manager's position:** One of the most important notions regarding triadic business relationships is that even though it is evident that owners makes the final purchase decision, the service supplier cannot disregard managers. For the service supplier, it is imperative to become the preferred service supplier for the manager by emphasizing operational excellence and user benefits, and to be known to the owner for the economic and environmental value of the service. Compared to the traditional – and perhaps intuitive – business practice of “going where the money is”, the service supplier needs to consider the managers as equal customers of their service. This is because the managers are essentially the connecting link both within the triad and outside of it – they are often in close relationship with the owner, the service supplier, other external authorities regarding the real estate, and the end user. Ignoring the relevance of such link can be disruptive for the whole business relationship.

The setting presents possibilities for improving the sustainable value proposition as well. If the manager sees the service supplier as their preferred partner, they are likely to promote their service to the owner. Thus, they provide their view on the value proposition, contributing to the perceived value seen by the owner stakeholder. A successful relationship with the manager can then contribute to the service supplier's status and reliability as a service provider.

In the long-term, advancing the business relationship with the manager can contribute in forming more extensive service relationship with the owners. Consequently, such contributions to the customer relationship could result in other business avenues and entries into new markets facilitated by the owner stakeholder.

#### 6.4 Limitations and future research

The following table depicts the recognized limitations of the study together with implications for future research.

Table 23. Limitations and possibilities for future research.

Area of limitation	Description of the limitation	Possibilities for future research
<b>Research setting</b>	The analysis of the study is limited to triadic business relationships within a certain industry and one case company.	Repeating the study in a different setting, for example with a sample consisting of larger corporations Determining whether the results are bound by the case context
<b>Research design</b>	Qualitative, cross-sectional study with semi-structured interviews. Possible limitations regarding primary data collection methods.	Conducting a longitudinal research to form a system to measure, prove and argument sustainable value Examining possibilities of to investigate the network dynamics and the role of altering motivations of the central stakeholders.

One limitation arises from the context and the sample and setting of the study. The context of the study is property maintenance services in real estate business, and the service provider belongs to SME sector. Future research on the topic could focus on a different setting and angle, such as a sample constituting of larger companies or corporations. Larger companies can hold more influence within the markets and their customers, which can reflect on communicating sustainable value propositions in triadic setting.

The research is a cross-sectional study offering a snapshot to the situation within the business relationship triads, draws conclusions and gives implications based on this background. However, it does not proceed to follow the actual development in communicating sustainable value propositions. Development (and the possibility of co-creation) of value propositions are not overnight occurrences, but they need time and dialogue to grow to suit stakeholders in the optimal way. Business environments are not static either: agility in managing and changing customer relationships is necessary. Thus, conducting a longitudinal research on the topic could provide new insights. This is also recognized for example in the research by Frow et al. (2014, 19).

The importance of catching the essence of the development process of value propositions in changing service environments is recognized (for example Frow et al. 2014, Skålen 2014). The results of this research indicate that there is a need to understand the network dynamics and power relations within a triadic business relationship to be able to communicate sustainable value proposition correctly. Future research could examine the include influence of relationship dynamics, and stakeholder motivation and activity in triadic business relationships on the communication of sustainable value propositions. For instance, social network theories could apply. The influence of (1) altering motivations (short-term and long-term business goals), (2) level of commitment to sustainability (both personal and corporate level) and (3) the level of expertise and experience on the field of sustainability and business need further examination.

The study examines how service supplier can utilize its existing resource pool in customized communication of sustainable value propositions in triadic business relationships. The analysis provides implications of which attributes to combine and emphasize in the sustainability spectrum, but the argumentation of sustainable value proposition needs further examination. In addition, the results of the study reinforce the predominant view in academia; sustainable value lacks coherent indicators for measuring and proving – and foremost communicating – its actual value for businesses. As is stated in a number of (conceptual) research studies regarding triadic business relationships and value propositions, gaining practical information from business-life regarding these issues could greatly advance both academia and practical deployment of that knowledge.

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## APPENDIX 1. The interview frame.

1. Name and current position in the organization
2. Background and relevant working experience
3. The main business agenda of the organization
4. What kind of role do heat transfer solutions have in your organization's business?
  - a. How does the organization acquire heat transfer solutions?
  - b. What kind of criteria is used when considering alternative heat transfer solutions?
  - c. How do you evaluate i. Economic, ii. Environmental iii. Social/other criteria of the solution?
5. Who makes the purchase decision regarding heat transfer solutions for properties?
  - a. What are the general steps in the decision-making process?
  - b. Which features of the solution are central for the purchase decision?
6. What are the main challenges regarding purchasing heat transfer solutions?
7. What is the most important criteria in choosing a provider for heat transfer solutions?
8. Why did you choose TPI Control as your service supplier?
  - a. How would you describe your customer relationship with TPI Control?
  - b. What is the role of TPI Control regarding your organization?
  - c. How, why, and when did the customer relationship begin?
9. What are the most important benefits TPI Control provides for your organization?
  - a. How would you evaluate the economic/environmental/social benefits of the service?
  - b. How central are environmental and social benefits of the heat transfer solution as selection criteria?
  - c. Which aspects of the service provide the most environmental or social value?
10. Have your expectations towards TPI Control been met?
  - a. Are you satisfied with the provided service?
  - b. In which areas has TPI Control especially succeeded?
  - c. Which parts of the service need to be improved?
11. How have the expectations regarding the benefits of the service changed during the course of the customer relationship?
  - a. How are the benefits of the service brought out? Which benefits does TPI Control emphasize?
  - b. Have your organization's needs influenced the formation and development of the provided service? How, and how much?
  - c. What kind of expectations does your organization have towards TPI Control in the future?
  - d. How are the expectations communicated to TPI Control?
12. What are the main communicational platforms in the customer relationship and how actively are they used?

- a.** Has the intensity of the communication varied in the course of the customer relationship?
  - b.** Which would be the optimal communication channels and why?
- 13.** Please describe other stakeholders included in the co-operational network regarding heat transfer solutions.
  - a.** Do other stakeholders influence your customer relationship with TPI Control?
  - b.** Please describe the relationship between your organization, TPI Control and other stakeholders.
  - c.** How have the relationships in question changed in the course of time?
- 14.** Please describe the influence other stakeholders have on the purchase process of heat transfer solutions.
  - a.** Please describe the decision-making process.
  - b.** What kind of role in the process do i. Your organization ii. Other stakeholders have?